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BANK OF JAMAICA

Quarterly Monetary Policy Report

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Monetary Policy at Bank of Jamaica

Bank of Jamaica's monetary policy objective is to achieve an inflation target of 4 – 6 per cent per annum for the next three years. This inflation rate, measured as the annual point-to-point change in the Consumer Price Index (CPI) published by the Statistical Institute of Jamaica, is necessary for the achievement of sustained growth and development in Jamaica.

The inflation target was 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 (BOJ). Changes in the Bank's policy rate signal the Bank's policy stance towards achieving its inflation objective, which is transmitted to prices through the financial markets and then through spending and investment decisions.

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

This Monetary Policy Report describes the Monetary Policy Committee's latest policy decision in the March 2023 quarter and outlines the Bank's projections for inflation in Jamaica and the main macroeconomic variables that affect it. The Monetary Policy Report is prepared and published once every three months and coincides with four of the Bank's monetary policy announcements.

Overview

Annual inflation at March 2023 was 6.2 per cent, which was below the 7.8 per cent at February 2023 and much lower than the peak rate of 11.8 per cent recorded at April 2022. The key external drivers of inflation, such as grains, and fuel and shipping prices, continued to decline in line with the Bank's expectations. The impact of these developments as well as the effects of tight monetary and fiscal policies and lower inflation expectations contributed to the reduction in domestic inflation. In this context, the inflation outturn at March 2023 mainly reflected reductions in energy and transport services inflation, partly offset by increases in agricultural prices. The measure of core inflation, which excludes food and fuel prices, decreased to 6.1 per cent at March 2023, relative to 6.6 per cent in February 2023 and a peak of 9.9 per cent at February 2022. Annual inflation is projected to fluctuate within the range of 5.0 to 6.0 per cent over the next eight quarters.

The Jamaican economy is estimated to have recorded strong growth in the range of 3.5 to 4.5 per cent for the March 2023 quarter. This estimated growth was faster relative to the expansion of 3.8 per cent recorded for the December 2022 quarter. There was estimated growth in all industries for the review quarter, with the exception of Construction. Given that the economy has returned to its pre-Covid level, real GDP growth for FY2023/24 is projected to moderate to a range of 1.0 to 3.0 per cent from the range of 4.0 to 5.5 per cent for FY2022/23. 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 have recorded a surplus of 0.0 to 1.0 per cent of GDP for the March 2023 quarter, lower (better) than the outturn for the March 2022 quarter. The improvement in the current account is primarily reflected in the services account, underpinned by higher tourism inflows and lower transportation outflows. In the context of the estimate for the March 2023 quarter, a current account surplus of 0.5 – 2.5 per cent of GDP is estimated for FY2022/23, an improvement to the deficit of 1.0 per cent of GDP that was recorded for the previous fiscal year.

Over the next two years, the current account is projected to deteriorate, mainly due to a deterioration in the current transfers sub-accounts, partially offset by improvements in the services and income sub-accounts. The Bank anticipates that the current account deficit (CAD) will range between 0.5 to 1.5 per cent of GDP for FY2023/24 to FY2024/25 and average between 1.0 to 2.0 per cent of GDP over the medium-term. The risks to the projections for the CAD are skewed to the upside. At end-March 2023, the level of Jamaica's gross international reserves was US$4.7 billion, representing 111.4 per cent of the Assessing Reserve Adequacy metric for FY2022/23.

For the March 2023 quarter, the Jamaican dollar appreciated by 1.9 per cent relative to March 2022. Demand pressures during the quarter were attenuated by Bank of Jamaica's Foreign Exchange Intervention & Trading Tool (B-FXITT) sales amounting to US$200.0 million. These sales were lower than the US$351.9 million sold to the market during the corresponding period of 2022.

Broad money grew at an annual rate of 12.2 per cent at March 2023, an acceleration relative to the growth of 6.7 per cent at December 2022. The expansion in broad money at March 2023 reflected growth of 13.1 per cent in local currency deposits, and growth of 9.0 per cent in currency in circulation. Private sector credit provided by deposit-taking Institutions (DTIs) grew by 11.1 per cent at March 2023, in line with the growth of 11.3 per cent at December 2022.

The financial system continued to be resilient. DTIs' risk-weighted Capital Adequacy Ratio (CAR) at end-February 2023 was 14.3 per cent, well above the statutory requirement of 10 per cent. Banks also remained liquid, with all licensees reporting Liquidity Coverage Ratios (LCRs) in excess of 100 per cent at end-February 2023. The quality of the DTIs' loan portfolio remained fairly stable with a ratio of non-performing loans (NPLs) to gross loans at February 2023 of 2.7 per cent, slightly below the 2.9 per cent recorded a year earlier.

On 29 March 2023, the Bank announced its decision to hold its policy interest rate at 7.0 per cent per annum to maintain tight Jamaican dollar liquidity and to continue fostering relative stability in the foreign exchange market. The Bank also noted that its liquidity management strategy incorporated the impact of the one percentage point increase in the domestic and the foreign currency Cash Reserve Requirements applicable to deposit-taking institutions, effective 01 April 2023. The Bank's decisions were informed by the view that the incoming data were generally favourable for inflation continuing to ease and returning to the target range of 4.0 to 6.0 per cent by the December 2023 quarter. The Bank also noted that interest rates in the domestic money and capital markets and the term rates offered by DTIs had generally increased in line with the policy rate. However, the DTI sector had so far made only marginal adjustments to saving deposits and lending rates. Consistent with global consensus forecasts for a fall in commodity prices and the Bank's overall monetary policy stance, and in the absence of new shocks, inflation was on track to continue decelerating in 2023. However, one-off regulated price adjustments are expected to result in a temporary uptick in inflation over the June and September 2023 quarters. The Bank would continue to closely monitor the global and domestic economic environments for potential risks that could 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
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 Open Position
o/w	Of which
O/N	Overnight
OMO	Open Market Operations
PMMR	Private Money Market Rates
QoQ	Quarter over Quarter
QPC	Quantitative Performance Criteria
RADA	Rural Agriculture Development Agency
REER	Real Effective Exchange Rate
S&P	Standard & Poor's
SBA	Stand-by Agreement
SCT	Special Consumption Tax
SLF	Standing Liquidity Facility
T-Bill	Treasury Bill
TP	Trading Partners
UR	Unemployment Rate
US	United States
USD	US dollar
WASR	Weighted Average Selling Rate
WTI	West Texas Intermediate

1.0 Inflation

The annual point-to-point inflation rate at March 2023 was 6.2 per cent, which was lower than the outturn of 7.8 per cent at February 2023 but remained above the upper limit of the Bank's inflation target range of 4.0 per cent to 6.0 per cent. The moderation in inflation relative to February 2023 mainly reflected reductions in energy and transport services inflation, stemming from lower fuel costs.

Inflation is projected to average between 5.0 to 6.0 per cent over the next eight quarters (June 2023 to March 2025), which is lower when compared to the average inflation rate of 8.5 per cent over the past two years. Inflation is projected to generally decelerate over the forecast horizon, reflecting the continued deceleration in commodity price inflation and shipping costs, falling inflation expectations and a moderate pace of depreciation in the exchange rate. Inflation is, however, projected to temporarily rise above the target range over the next three to four months due to adjustments to selected regulated prices including the national minimum wage, recent increases in the cost of communication services, seasonal increases in agricultural prices as well as pending increases in other regulated prices such as transport costs. Inflation is, however, projected to again trend toward the target range by the December 2023 quarter.

When compared with the previous forecast, the projected average inflation rate is lower relative to the previous projection of 6.1 per cent. The downward revision to the forecast mainly reflects lower imported inflation. This is partly offset by upward revisions to selected regulated prices (particularly communication) and a higher-than-anticipated increase in the National Minimum Wage.

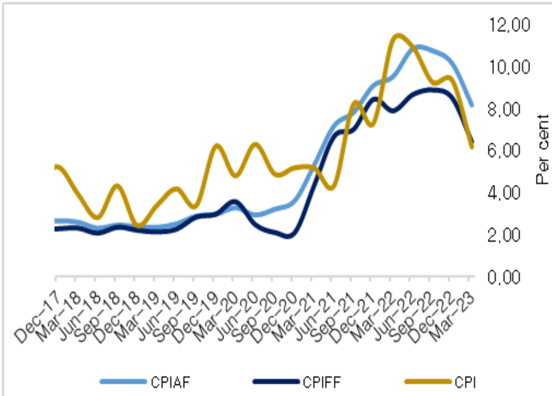
The risks to the inflation forecast are balanced. On the upside, higher than projected future wage adjustments, a stronger-than-anticipated impact of climate change on domestic agricultural prices and a worsening in supply chain conditions could put upward pressure on inflation. Further, higher than projected interest rates among major developed economies could worsen the interest differential and hence the pace of depreciation in the exchange rate and the impact on inflation. Among the factors that could lead to lower-than-projected inflation, weaker-than-expected global growth could negatively affect domestic demand, and some projected adjustments to regulated prices may not materialise.

Recent Developments and Near-term Outlook

The annual point-to-point inflation rate at March 2023 was 6.2 per cent, which was lower than the outturn of 7.8 per cent at February 2023 but remained above the upper limit of the Bank's inflation target range of 4.0 per cent to 6.0 per cent. The moderation in inflation relative to February 2023 mainly reflected reductions in energy and transport services inflation, stemming from lower fuel costs. This impact was slightly offset by higher inflationary pressure from agricultural prices and upward adjustments in regulated prices.

Core inflation (the measure that excludes from the CPI food and fuel/energy prices (CPIFF)) decreased to 6.1 per cent at March 2023, relative to 6.6 per cent at February 2023 and the peak of 9.9 per cent at February 2022. This deceleration mainly reflected moderating inflation expectations, a deceleration in the lagged second round impact from imported inflation, and tight fiscal policy and monetary policy.

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



Source: STATIN & BOJ

Inflation Outlook

Inflation is projected to average between 5.0 per cent and 6.0 per cent over the June 2023 to March 2025 quarter (next eight quarters), which is similar to the previous projection (see **Figure 2**). Inflation is projected to generally decelerate over the forecast horizon, reflecting the continued deceleration in commodity price inflation and shipping costs, moderating falling inflation expectations and a moderate pace of depreciation in the exchange rate. Inflation is, however, projected to temporarily rise above the target range over the next three to four months due to adjustments to selected regulated prices including the national minimum wage, recent increases in the cost of communication services, seasonal increases in agricultural prices as well as pending increases in other regulated prices such as transport costs. Inflation is projected to again trend toward the target range by the December 2023 quarter.

The main factors underpinning the inflation forecast are as follows:

(i) Inflation expectations are projected to continue moderating in the context of the Bank's monetary policy actions and moderating commodity prices. In the March 2023 inflation expectations survey, respondents lowered their expectations for inflation 12 months ahead to 9.3 per cent from 11.5 per cent (see **Box 1**).

(ii) The output gap is projected to become negative over the near term before gradually closing over the medium term (see **Real Sector**).

(iii) Moderate inflationary pressures from labour market conditions are anticipated.

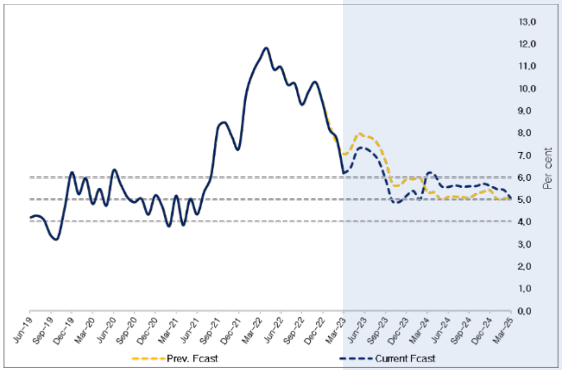
(iv) The inflation forecast assumes increases in selected regulated prices.

(v) Oil prices are projected to increase marginally over the forecast period due to voluntary production cuts by OPEC+ and an extension of Russia's production cut of 0.5m bpd until end 2023. Oil prices are consequently projected to average US$82.50 per barrel for the next eight quarters, compared to an average of US$81.00 per barrel in the previous projection. Over the period FY2024/25 to FY2027/28, oil prices are projected to average US$75.20 per barrel, just below the average of US$76.40 per barrel at the previous forecast (see **International Economy**).

(vi) The average price of grains is projected to decline at an average quarter over quarter rate of 2.2 per cent over the next eight quarters (June 2023 to March 2025), relative to the previous forecast of an average quarter over quarter decline of 2.0 per cent (see **International Economy**).

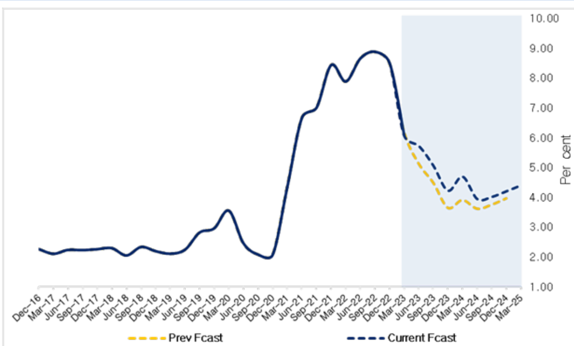
(vii) Freight charges have decreased significantly to pre-pandemic levels over the last 5 months.

Figure 2: Monthly Comparative Headline Inflation Forecasts



Source: Bank of Jamaica

Figure 3: Comparative Core Inflation Forecasts

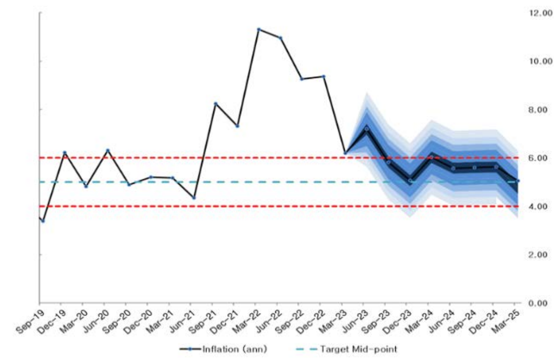


Source: Bank of Jamaica

Inflation Risks

The risks to the near-term inflation forecast are balanced (see **Figure 4**). On the upside, higher than projected future wage adjustments, a stronger than anticipated impact of climate change on prices for domestic agricultural commodities, and a worsening in supply chain conditions could put upward pressure on inflation. Further, higher than projected interest rates among major developed economies could worsen the interest differential, increase the pace of depreciation in the exchange rate, and cause higher inflation. Among the factors that could lead to lower-than-projected inflation, weaker-than-expected global growth could negatively affect domestic demand, and some projected adjustments to regulated prices may not materialise.

Figure 4: Inflation Fan Chart



Source: Bank of Jamaica

Box 1: Businesses' Inflation Expectations Survey – March 2023

Overview

The Bank's Survey of Businesses' Inflation Expectations (IES) at March 2023 indicated that the one-year ahead inflation expectations continue to be higher than the Bank's inflation target range of 4.0 to 6.0 per cent. However, the latest outturn represented a further improvement. Perception of inflation control improved relative to the previous survey. However, the majority of respondents were not aware of BOJ's inflation target as well as the most recent point-to-point inflation outturn.

Inflation Expectations

In the March 2023 survey, respondents' expectation of inflation 12 months ahead declined to 9.3 per cent (the lowest since November 2021), relative to the previous outturn of 11.5 per cent. Furthermore, businesses forecasted an annual point-to-point inflation rate for calendar year 2023 to be 9.3 per cent (see Figure 1).

Perception of Inflation Control

Businesses perception of inflation control was higher when compared to the January 2023 survey (see Figure 2). This reflected an increase in the proportion of respondents that were "satisfied" with how inflation was being controlled.

Exchange Rate Expectations

In the March 2023 survey, respondents forecasted the exchange rate to depreciate over the next three-, six- and 12-months horizons but at a slower pace for some, relative to the previous survey (see Table 1).

Interest Rate Expectations

The majority of respondents forecasted the Bank's policy rate to remain the same over the next three months. The proportion of respondents of this view decreased marginally, relative to the previous survey. The 90-day Treasury bill (T-Bill) yield, three months ahead was forecasted to be 8.2 per cent, relative to the 8.1 per cent in the January 2023 survey.

Table 1: Exchange Rate Expectations

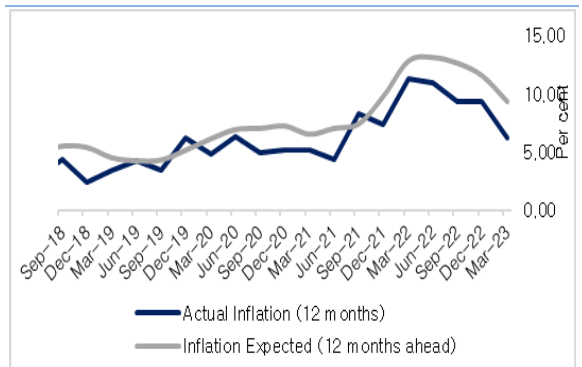
Question: In January 2023, the exchange rate for the Jamaican Dollar (JA$) in respect of the United States Dollar (US$) was $153.95. What do you think the rate will be for the following periods?

	Expected Exchange Rate Depreciation/Appreciation (%)			
Periods Ahead	Oct-22	Nov-22	Jan-23	Mar-23
3-Months	1.4	0.9	0.4	0.6
6-Months	1.9	1.5	1.0	1.0
12- Months	2.5	2.4	1.6	1.1

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

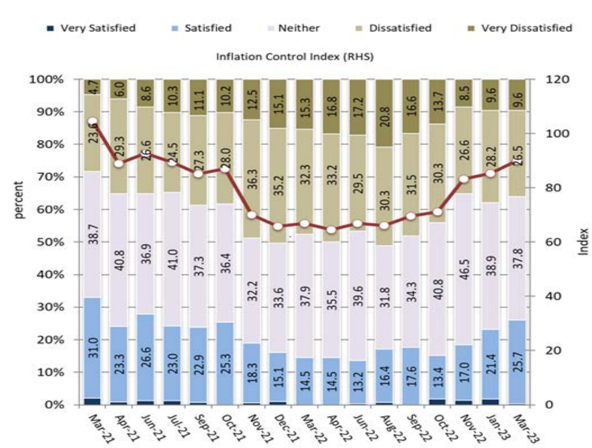
Question: If you expect inflation, what do you expect the rate of inflation to be at December 2022 and over the next 12 months?



Source: Businesses' Inflation Expectations Survey

Figure 2: Perception of Inflation Control

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



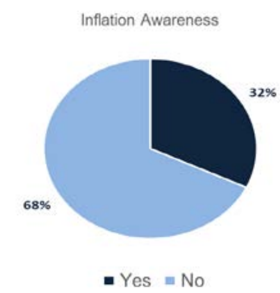
Source: Businesses' Inflation Expectations Survey.
Notes: The Index of Inflation Control is calculated as the number of satisfied respondents minus the number of dissatisfied respondents plus 100

Inflation Target Awareness

The majority of respondents (68%) 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 January 2023.

Figure 3: Inflation Target Awareness

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



2.0 International Economy

The global economy is estimated to have expanded by 1.0 to 3.0 per cent for the March 2023 quarter, broadly in line with the estimated expansion for the December 2022 quarter but above the Bank's previous forecast. Global growth is projected to slow to 1.0 to 3.0 per cent for 2023 from 2.8 per cent in 2022 but to accelerate to 1.5 to 3.5 per cent in 2024. The projected slowdown for 2023 reflects the lagged effects of monetary policy tightening on growth. The forecast for 2024 and beyond reflects increased activity as supply shortages ease, supported by projected monetary policy easing.

The US economy is projected to grow by 0.5 to 1.5 per cent in 2023. This outlook is above the previous projection of 0.0 to 1.0 per cent but below the growth of 2.1 per cent for 2022.

The US Fed increased its policy rate in May 2023. Bank of Jamaica anticipates that the Fed will maintain its policy rates at the current level throughout most of 2023. In this context, yields on Jamaica's sovereign bonds and US treasury bonds are projected to remain relatively stable throughout the year. Over the near term, US nominal interest rates are expected to normalise to the long-run neutral level of 2.5 per cent.

Grains prices are projected to trend lower over the next eight quarters. However, oil prices are expected to average US$81.32 per barrel in 2023, and US$82.47 per barrel in 2024, slightly higher than the average for the March 2023 quarter of US$76.12 per barrel. The risks to the forecast for oil prices are skewed to the downside, while the risks to the forecast for grains prices are assessed as balanced.

Trends in the Global Economy

The global economy is estimated to have expanded by 1.0 to 3.0 per cent for the March 2023 quarter, marginally above the estimated expansion of 1.6 per cent in the December 2022 quarter and above the previous forecast of 0.5 to 2.5 per cent.[1] The estimated higher growth for the March 2023 quarter, relative to the previous projection, reflects better-than-expected growth in a number of major economies.

The Bureau of Economic Analysis' (BEA's) advance estimate indicates that US GDP for the March 2023 quarter increased on an annualized basis by 1.1 per cent, following an expansion of 2.6 per cent for the December 2022 quarter.[2] This growth was, however, below the 1.4 per cent anticipated by the Bank. The increase in real GDP for the March quarter primarily reflected an increase in consumer spending, despite the dual headwinds of rising interest rates and high inflation.

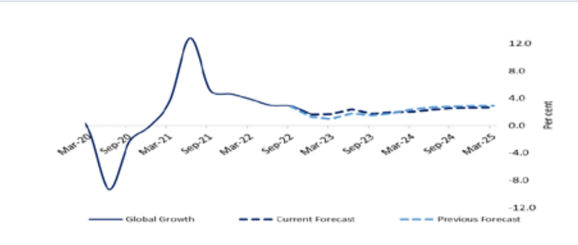
Global growth is projected to average 1.0 per cent to 3.0 per cent over the next eight quarters (June 2023 to March 2025), in line with the previous projection (see **Figure 7**). Global growth is projected to slow to 1.0 to 3.0 per cent for 2023 from 2.8 per cent in 2022 but to accelerate to 1.5 to 3.5 per cent in 2024. The projected slowdown for 2023 reflects the lagged

[1] The improvement in global growth in the March 2023 quarter relative to the December 2022 quarter is mainly supported by China's economic recovery as it benefits from reopening dynamics and less intense inflationary pressures compared to other regions.

[2] The increase in real GDP reflected increases in consumer spending, net exports and government spending. This was partly offset by a decline in investments, primarily related to contractions in inventories and residential fixed investments.

effects of monetary tightening on growth. The forecast for 2024 and beyond reflects a resumption of activities as supply shortages ease, supported by projected monetary policy easing.

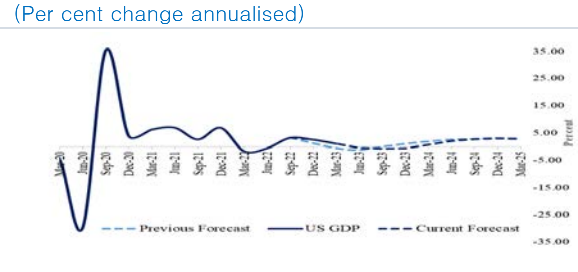
Figure 5: Global Growth Projection*
(Per cent year-over-year change)



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

Bank of Jamaica projects quarterly output growth in the US to average 0.5 to 2.5 per cent over the next two years (June 2023 quarter – March 2025 quarter). This projected growth is below the previous forecast of 1.6 per cent as the lagged effects of tightening monetary and financial conditions reduce growth in demand (see **Figure 8**). In this context, US GDP growth is projected to moderate for 2023 to 0.5 to 1.5 per cent from 2.1 per cent in 2022. The forecast assumes a mild, short-lived recession in the US economy over the June 2023 to December 2023 quarters as the lagged impact of higher interest rates and tightened credit conditions feed through to the economy.

Figure 6: Comparative US GDP Growth Forecast
(Per cent change annualised)



Source: BOJ, CBO

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 the effect of monetary policies being stronger than anticipated. In addition, the recent banking system turmoil could result in a sharper and more persistent tightening of global financial conditions than anticipated. Climate change also poses significant downside risks to the global economy.

Labour Market

The unemployment rate in the US at March 2023 was 3.5 per cent, below the outturn for February 2023 of 3.6 per cent.[3,4] 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.[5]

Monetary Policy

On 03 May 2023, the Federal Open Market Committee (FOMC) increased its target range for the US Fed Funds rate in the range of 5.00 per cent – 5.25 per cent.[6] This was in line with the Bank's projections. Bank of Jamaica anticipates that the Fed will maintain its policy rates at the current level throughout most of 2023. In this context, yields on Jamaica's sovereign bonds and US treasury bonds are projected to remain relatively stable throughout the year. Over the near term, US nominal interest rates are expected to normalise to the long run neutral level of 2.5 per cent.

[3] The unemployment rate of 3.5 per cent in March 2023 was in line with pre-pandemic February 2020 levels.
[4] Total nonfarm payroll employment in the US increased by 236,000 in March 2023, following increases of 472,000 in January 2023 and 326,000 in February 2023. The gain in non-farm payrolls in March adds to the evidence that the economy's strong start to the year was partly related to the milder winter weather conditions, with momentum fading again. Average hourly earnings increased by a marginally stronger pace of 0.3 per cent over the month, resulting in the annual rate falling to 4.2 per cent, its lowest since mid-2021, which suggests that labour shortages are easing.

[5] The unemployment rate is projected to end FY2023/24 at 4.7 per cent, 1.2 percentage point above the rate at end-FY2022/23, and end FY2024/25 at 5.4 per cent.
[6] The guidance in the previous policy statement that "some additional policy firming may be appropriate" was removed, with the updated statement explaining that: "In determining the extent to which additional policy firming may be appropriate… 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". This suggests that, the Fed is considering an end to monetary tightening.

Box 2: Economic Growth in Selected Economies

China

The Chinese economy is estimated to have recorded an expansion of 4.5 per cent for the March 2023 quarter compared to a year ago. This pace was an acceleration relative to the growth of 2.9 per cent in the December 2022 quarter. The acceleration in the March 2023 quarter reflected an increase in consumption amid the reopening of the Chinese economy. Additional upward pressures emanated from an improvement in the real estate crisis.

GDP growth in China is projected to range between 4.9 per cent to 7.3 per cent over the next eight quarters.[7] This is an upward revision relative to the previous projection.

Japan

The Japanese economy is estimated to have expanded on a quarterly annualised basis by 1.3 per cent for the March 2023 quarter, following an expansion of 0.1 per cent in the December 2022 quarter. The acceleration in growth for the March 2023 quarter was mainly due to recovering demand given the reopening of the services sector, supported by travel subsidies as well as the reopening of China.

For the next eight quarters, GDP growth in Japan is projected in the range of 0.4 per cent to 1.2 per cent, in line with the previous projection of 1.1 per cent.

Canada

The Canadian economy is estimated to have expanded on a quarterly annualised basis by 1.0 per cent for the March 2023 quarter, compared to no growth for the December 2022 quarter. The acceleration in growth for the March 2023 quarter was mainly attributable to strong domestic and foreign demand.

For the next eight quarters, GDP growth in Canada is projected in the range of –0.7 per cent to 2.2 per cent.

Euro Area

The economy of the Euro Area is estimated to contracted by 0.8 for the March 2023 quarter following a contraction of 0.1 per cent for the previous quarter. The contraction in the March 2023 quarter was as a result of relatively high inflation and the impact of tight financial conditions.

For the next eight quarters, GDP growth in the Euro Area is projected in the range of 0.8 per cent to 1.6 per cent.

United Kingdom (UK)

The UK economy is estimated to have contracted by 0.8 per cent in the March 2023 quarter, following an expansion of 0.5 per cent in the previous quarter. The contraction in the March 2023 quarter is largely attributable to the impact of high interest rates and weak industrial production.

Growth in the UK economy over the next eight quarters is projected in the range of –0.8 per cent to 1.2 per cent.

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

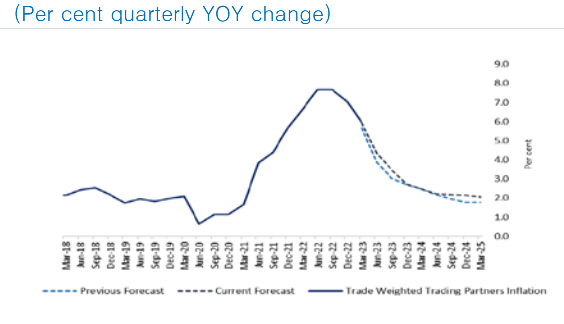
Trading Partners' Inflation

The weighted average 12-month inflation rate of Jamaica's main trading partners (TPs) at March 2023 is estimated at 5.3 per cent. This represents a moderation relative to 6.1 per cent at February 2023 and above the Bank's previous forecast of 5.0 per cent.

For the US, annual inflation at March 2023 was 5.0 per cent, above the Bank's previous forecast of 4.7 per cent.[8], The year-on-year increase in the personal consumption expenditures (PCE) price index decelerated to 4.2 per cent at March 2023 from 5.1 per cent at February 2023.

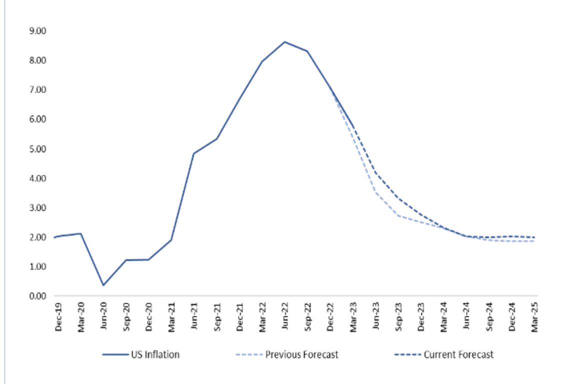
the Bank projects that, over the next eight quarters, the inflation rate of Jamaica's main trading partners will average 2.8 per cent, above the previous forecast of 2.5 per cent (see **Figure 7**). Slowing demand and the lagged effects of monetary policy tightening are expected to support the moderation in inflation. The higher projection for TP inflation largely reflects the effects of higher fuel prices, partly offset by a faster pace of moderation in global demand. Of note, US inflation is projected to average 2.6 per cent over the ensuing eight quarters, above the previous forecast of 2.3 per cent (see **Figure 8**).

Figure 7: Trade Weighted Trading Partners' Inflation
(Per cent quarterly YOY change)



Source: Bloomberg

Figure 8: US Inflation
(Per cent quarterly YOY change)



Source: Bloomberg

Trends in Trading Partners' Exchange Rates

During the March 2023 quarter, TP currencies generally appreciated against the US dollar, relative to the December 2022 quarter.[9], The weaker US dollar was supported by expectations that the Fed would soon conclude its rate increases. Further, the market's expectation for a moderation in interest rate differentials supported the appreciation of TP currencies against the US dollar, particularly given the anticipation of US monetary policy easing earlier and more rapidly in Europe.

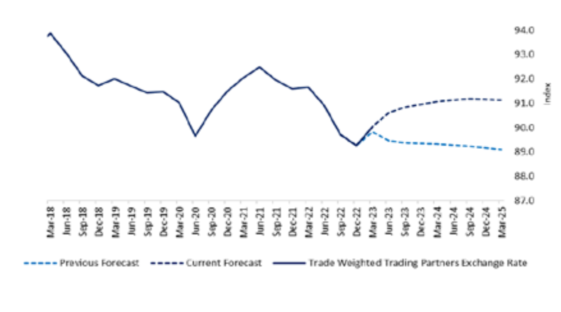
Bank of Jamaica projects that, over the next eight quarters (June 2023 to March 2025), the currencies of Jamaica's major trading partners will marginally appreciate against the US dollar (see **Figure 9**).[10] The US dollar will be negatively impacted by expectations that the Fed will begin reducing rates in the latter half of 2023 as well as the assumption that other central banks will continue to raise rates further.

[8] The annual rate of 5.0 per cent for March 2023 reflected a moderation relative to 6.0 per cent in the previous month. The index for all items less food and energy rose 5.6 per cent over the last 12 months, above the 5.5 per cent recorded in February. The food index increased by 8.5 per cent per cent while the energy index declined by 6.4 per cent over the last 12 months.

[9] There was an average appreciation of 0.9 per cent in the exchange rate of Jamaica's trading partners vis-à-vis the USD for the March 2023 quarter, following an average depreciation of 0.5 per cent in the December 2022 quarter.

[10] Currencies of Jamaica's main trading partners are expected to appreciate on average by 0.1 per cent against the US dollar.

Figure 9: Trading Partners' Trade Weighted Exchange Rate – vis-à-vis USD, May 2013 =100



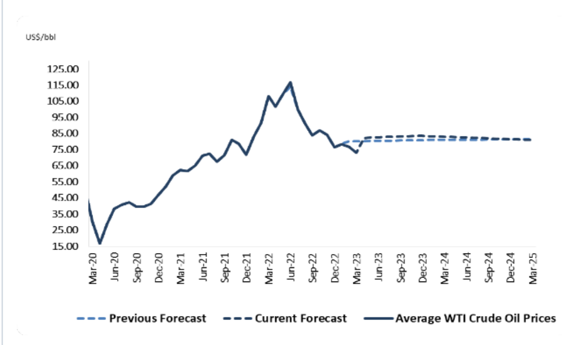
Notes: An increase in the index represents a depreciation of the US dollar, while a decline represents an appreciation of the US dollar.
Source: Bloomberg

Commodity Prices

The daily average of West Texas Intermediate crude oil prices for the March 2023 quarter declined by 7.8 per cent, relative to the December 2022 quarter.[11] Compared with the March 2022 quarter, crude oil prices declined by 19.2 per cent. The decline in crude oil prices for the quarter mainly emanated from (i) an increase in US crude inventories, (ii) reports that oil loadings from Russia's Baltic ports increased by 50.0 per cent in January 2023 over December 2022 as sellers tried to meet strong demand from Asia, (iii) a report from the US Department of Energy stating that a refill of the Strategic Petroleum Reserve was unlikely in 2023, implying lower demand and (iv) concerns about the global financial sector, and global growth.

Oil prices are projected to average US$82.50 per barrel for the next eight quarters compared to an average of US$81.00 per barrel in the previous projection. The forecast trajectory reflects an average quarter-over-quarter increase of 0.9 per cent, compared to the average quarterly increase of 0.3 per cent previously anticipated (see **Figure 10**). The projected increase in prices reflects production cuts by OPEC+ from May to end-2023, as well as an extension of Russia's March production cut of 0.5 million bpd until end-2023, coupled with a rebound in Chinese demand following the easing of COVID-19 restrictions.[12] Towards the end of 2023, oil prices will also be supported by a weaker US dollar, after the Fed loosens monetary policy and cuts interest rates. However, prices are expected to decline in 2024 as production by OPEC+ and the US production rise.[13]

Figure 10: Trend in Average WTI Crude Oil Prices



Sources: Bloomberg, BOJ

For the March 2023 quarter, US LNG prices declined amid an increase in US inventories. US LNG prices were negatively impacted by (i) increased production in the US and (ii) concerns about a slowdown in domestic demand. However, upward price pressures emanated from an increase in LNG exports.

For the June 2023 to March 2025 quarters, US LNG prices are projected to gradually increase amid stronger export demand, which will be facilitated by

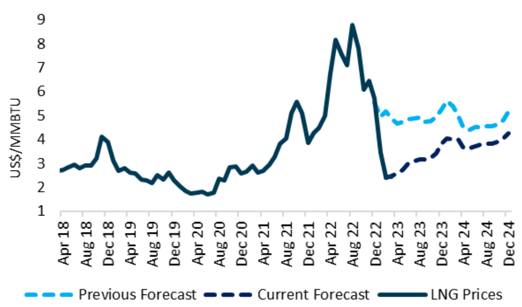
[11] In the previous projection, the Bank expected the daily average of West Texas Intermediate crude oil prices for the March 2023 quarter to decline by 3.5 per cent, relative to the December 2022 quarter.

[12] In total, the cuts from OPEC+ amount to 1.16 million bpd (1.1 per cent of global supply), with Saudi Arabia accounting for the larger share of 0.5 million bpd. The actual reduction in supply may be smaller than the total announced 1.6 million barrels per day as most OPEC+ members, such as Iraq and Kazakhstan, are already producing significantly below their present quotas as they contend with under-investment and operational disruptions. In addition to the impact on the physical oil market, there could be some geopolitical posturing embedded in these voluntary cuts. On 24 March 2023 the US announced that it will not be creating additional crude demand this year by refilling its strategic reserve. These latest cuts could be, in part at least, a response to the US' decision. The cuts enacted by OPEC demonstrates the group's support for Russia given the US administration's efforts to lower oil prices.

[13] Global liquids production is expected to rise in 2024 by an additional 2.0 million b/d driven by non-OPEC production growth (North and South America) and by OPEC crude oil production – as current production cuts expire at end-2023.

an increase LNG export capacity at the Freeport LNG terminal (see Figure 11). Further, prices may be supported by Europe's new regulation to reduce natural gas consumption within the nation, in an effort to build inventories.[14] The forecast imply that the average LNG price of US$2.97 per million British thermal units (MMBtu) for 2023 will be lower relative to 2022. The average prices in 2024 of US$3.71 MMBtu will, however, be higher than that for 2023.

Figure 11: Trend in Average LNG Prices



Sources: Bloomberg, BOJ

The risks to the forecast for oil prices over the next eight quarters are skewed to the downside. Downside risks include the possibility that rate increases from major central banks could have a stronger-than-anticipated impact on demand. Upside risks emanate from stronger than anticipated production cuts by OPEC+ as well as heightened geopolitical tensions. Additionally, larger than anticipated increase in China's oil consumption would positively support prices.[15]

The risks to the forecast for LNG prices over the next eight quarters are balanced. Extreme weather events can cause price spikes and volatility. However, expectations for higher production can contribute to further downward pressure on prices in the near term.

Average grains prices for the March 2023 quarter declined by 4.2 per cent, relative to the December 2022 quarter (a decline of 6.3 per cent on an annual basis).[16] The reduction over the quarter was associated with lower prices for corn (8.6 per cent decline for the quarter, 2.4 per cent decline on an annual basis), soybean (0.8 per cent decline for the quarter, 4.1 per cent decline on an annual basis) and wheat (6.3 per cent decline for the quarter, 12.9 per cent decline on an annual basis). The decline in average grains prices was supported by (i) increased rainfall in key growing US Mid-West regions, (ii) continued concerns about a slowdown in global growth, (iii) an appreciation of the US dollar during March 2023, (iv) a 60-day extension of the United Nations Black Sea grain export corridor agreement between Russia and Ukraine and (v) concerns about the global banking sector. Notwithstanding, upward price pressures emanated from supply concerns in key South American growing countries, amid reports of dry weather conditions in Argentina and Brazil.

The average price of grains is projected to decline at an average quarter over quarter rate of 2.2 per cent over the next eight quarters (June 2023 to March 2025).[17] Prices are projected to decline due to expectations for (i) a renewal of the Black Sea grains initiative between Russia and Ukraine, (ii) increase in global production and (iii) increased investor risk aversion given increased investor concern about demand in advanced economies, (particularly in the US). Notwithstanding, upward price pressures are expected to emanate from (i) a depreciation of the US dollar and (ii) higher energy cost and, relatedly, stronger ethanol demand. Of note, the average price of grains over the June 2023 and September 2023 quarters are projected to decline by 3.5 per cent and 1.9 per cent, respectively (see Figure 12).

[14] On 30 March 2023, the EU adopted a regulation that extends the target for member states to reduce their natural gas consumption by 15.0 per cent between 01 April 2023 and 31 March 2024, compared to their average consumption in the period between 01 April 2017 and 31 March 2022. The regulation is an extension of the previous agreement in August 2022. The new regulation is an exceptional and extraordinary measure, valid for a limited time and aims at reducing the Union's gas demand, facilitating the filling of storages and ensuring better preparation against any further supply disruptions. Europe's voluntary production restraint may support higher demand from the US.

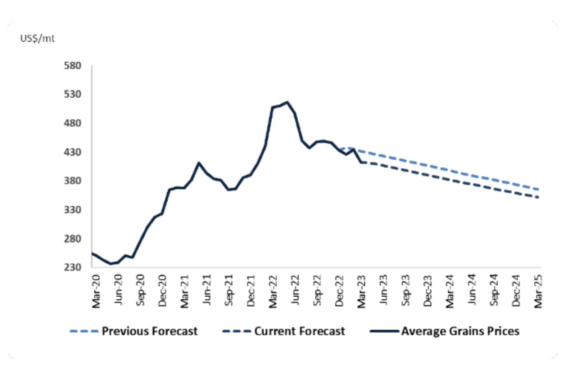
[15] China accounted for about 15.0 per cent of world petroleum consumption in 2022, therefore changes in petroleum consumption in China can have large effects on global oil balances and prices.

[16] The Bank previously projected a decline of 1.8 per cent for the March 2023 quarter, relative to the December 2022 quarter.

[17] The previous forecast assumed an average quarter over quarter decline of 2.1 per cent over the June 2023 to March 2025 quarter.

The risks to the forecast for grains prices are assessed as balanced. Upside risks include; more extreme weather events and stronger than anticipated demand from China. However, a recession in advanced economies poses a downside risk to commodity prices.

Figure 12: Trend in Average Grains Prices

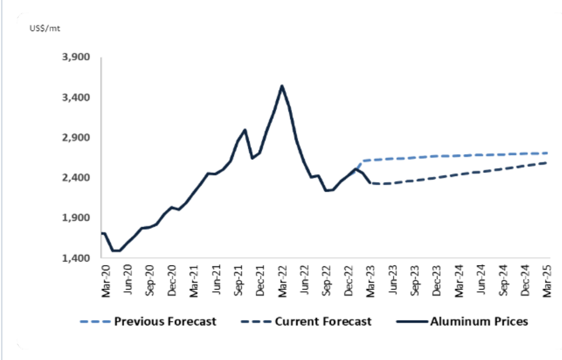


Sources: Bloomberg, BOJ

Aluminium prices increased by 3.9 per cent for the March 2023 quarter, relative to the December 2022 quarter (a decline of 25.1 per cent on an annual basis).[18] The increase reflected (i) the easing of China's zero covid-19 policy, and (ii) optimism about the Chinese government's increased focus on supporting growth, particularly in the property sector. Notwithstanding, prices were negatively affected by increased Chinese inventories due to increased production.

The price of aluminium is projected to increase over the next eight quarters (June 2023 to March 2025) at an average quarter over quarter rate of 0.7 per cent.[19] Aluminium prices are projected to increase amid expectations for (i) lower production in Europe, (ii) increased Chinese demand, (iii) a depreciation in the US dollar, (iv) higher production cost stemming from energy prices, and (v) a loosening of monetary policy in the US in late 2023 (see Figure 3.10). Aluminium prices are lower relative to the previous forecast amid higher production from China. The risks to the forecast for aluminium prices are assessed as balanced. Additional upward price pressure may emanate from stronger Chinese demand. However, downward price pressures may emanate from expectations for increased production in China and concerns about the financial health of banks in the US and Europe.[20]

Figure 13: Trend in Average Aluminium Prices



Sources: Bloomberg, BOJ

External Financial Markets

GOJ's sovereign bond spreads improved over the March 2023 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 declined by 23 bps, when compared to the same measure for the December 2022 quarter, to 233 pps.[21] The spread had been projected to decline by 2 bps (see **Figure 14**).[22]

[18] The Bank projected an increase of 9.6 per cent for the March 2023 quarter, relative to the December 2022 quarter.

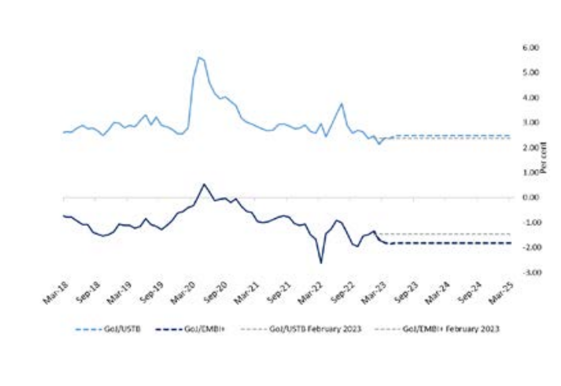
[19] This compares to an average quarter-over-quarter increase of 0.6 per cent in the previous projection.

[20] Prices trended below the previous forecast in February and March 2023 amid reports of an increase in inventories in China.

[21] The average of the daily spreads between the indicative yield on GOJGBs and the yield on the EMBI+ deteriorated (increased) by 5 basis points (bps) when compared to the same measure for the December 2022 quarter. Relative to EMBI+, the spreads were negative 161 bps, respectively.

[22] Increased concerns regarding contagion across the banking sector in March 2023 supported an increase for government bonds and other traditionally safer assets.

Figure 14: Average International Bond Spreads
(Per cent)



Sources: Bloomberg,

There were respective increases of 19 bps, 47 bps and 42 bps in the average yields on US Treasuries, EMBI+ and GOJGBs, respectively (see Figure 15).

Figure 15: Average International Bond Yields
(Per cent)

Sources: Bloomberg,

Jamaica's sovereign bond yields are projected to remain relatively stable through to the end of 2023, and then decline thereafter. The projected outlook for GOJ bond yields is due to expectations that, following the rate increase in May 2023, the Fed will maintain rates but begin to reduce rates in December 2023.

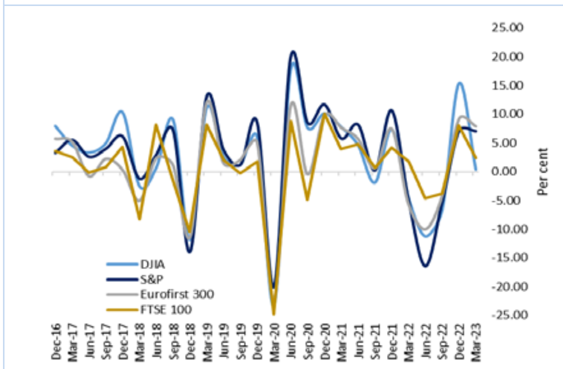
Global Stock Market

The performances of selected global stock market indices during the March 2023 quarter were modest. Relative to the December 2022 quarter, the Dow Jones Industrial Average (DJIA), S&P 500, Euro First and FTSE increased by 0.4 per cent, 7.0 per cent, 7.9 per cent, and 2.4 per cent, respectively (see Figure 16).

The increase in US equity indices in the March 2023 quarter reflected the most gains in January 2023, supported by optimism about the reopening of the Chinese economy. During the quarter, expectations that the Fed would slow the pace of rate increases also supported the stock market, although the failure of two regional banks and a flight of deposits from smaller institutions adversely affected the markets .

Eurozone and UK equity indices also increased significantly during the quarter. The equity markets in Europe and the UK benefited from increased optimism about macroeconomic indicators and lower energy costs amid milder winter conditions. Notwithstanding, this impact was partly offset by concerns about the health of the global financial system and reports of more aggressive monetary policy tightening by global central banks.

Figure 16: Selected Stock Market Indices
(Quarter-over-Quarter Per cent)



Source: Bloomberg

3.0 Real Sector

The Jamaican economy is estimated to have grown by 3.5 to 4.5 per cent for the March 2023 quarter, an acceleration over the growth recorded for the December 2022 quarter. Real GDP is estimated to have grown by 4.0 to 5.5 per cent for FY2022/23 and is projected to expand by 1.0 to 3.0 per cent and by 0.5 to 2.5 per cent for FY2023/24 and FY2024/25, respectively. The projected growth for FY2023/24 largely reflects expansions for Mining & Quarrying, Agriculture, Forestry & Fishing and Manufacturing. The projected growth over the near term (June 2023 – March 2025) is broadly in line with the previous assessment, primarily reflecting an upward revision to the growth for Hotels & Restaurants, partly offset by downward revisions to the growth for Mining & Quarrying and Agriculture, Forestry & Fishing.

Over the medium term (FY2025/26 – FY2028/29), GDP growth is projected to average 1.0 to 2.0 per cent. This outlook partly reflects the impact on the output of climate-related projects.

The risks to the forecast for real GDP growth are assessed to be skewed to the downside. External demand could be lower than anticipated. In addition, adverse weather conditions associated with climate change could also result in lower than projected GDP.

GDP Growth

The Jamaican economy is estimated to have grown by 3.5 to 4.5 per cent for the March 2023 quarter, an acceleration relative to the growth recorded for the December 2022 quarter.

With the exception of *Construction*, all industries are estimated to have grown during the March 2023 quarter. Growth was chiefly reflected in *Hotels & Restaurants*, *Other Services*, *Transport, Storage & Communication*, *Agriculture*, *Forestry & Fishing*, *Wholesale & Retail Trade*, *Manufacturing* and *Mining & Quarrying*.[1]

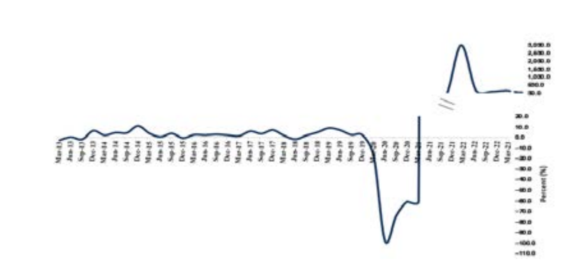
As it relates to *Hotels & Restaurants,* the estimated growth for the March 2023 quarter was based on an increase in foreign national arrivals, related to pent-up demand and facilitated by the addition of flights to Jamaica and the removal of the Disaster Risk Management Act, following the COVID-19 pandemic.

For *Other Services,* growth also reflected an increase in foreign national arrivals during the quarter, which had spillover effects on the other economic sectors of the economy.

The estimated growth in *Transport, Storage & Communication* was primarily underpinned by growth in the number of airport passenger arrivals reflecting the pent-up demand within the Tourism industry as well as an increase in domestic cargo movement.

[1] Other Services includes several sub-industries, such as recreational, cultural and & sporting activities, private education, private health &social services, community, social & personal services and private household with employed persons. The recreational, cultural & sporting activities sub-industry has the largest weight on the overall industry.

Figure 17: Trend in Visitor Days (12-Month Per cent change)



Source: BOJ and Jamaica Tourist Board

Notwithstanding drought conditions and feed challenges, value added for *Agriculture, Forestry & Fishing* is estimated to have grown in the quarter. This improvement reflected growth in domestic crop production and animal farming to meet the demand of the domestic economy including higher demand from the tourism industry. In addition, growth in the industry is also buoyed by traditional export crops such as banana and coffee.

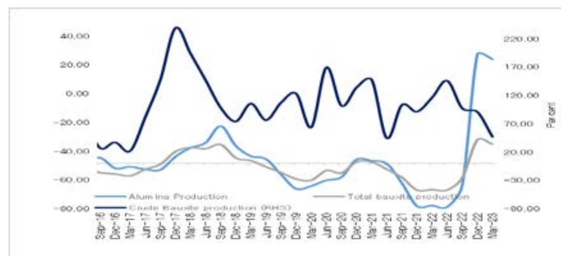
With regard to *Wholesale & Retail Trade*, the estimated increase for the review quarter was mainly driven by higher output levels in Agriculture and Manufacturing.

The expansion in *Manufacturing* reflected an improvement in value-added for the Food, Beverages & Tobacco sub-industry. This was premised on greater demand from the tourism industry, higher agricultural production and the continued improvement in entertainment and nightlife activities.

Mining & Quarrying is projected to have expanded for the March 2023 quarter largely reflecting higher alumina production at the Jamalco plant against the background of its closure in the corresponding quarter of 2022.[2] Notably, Century Aluminum Company acquired Noble's 55.0 per cent interest in Jamalco for US$1.[3] This transfer of ownership of Jamalco is not expected to have any discernible implications for production and foreign direct investment (see **Figure 18**).

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, Manufacturing* and *Agriculture*. The growth in the non-tradable industry was mainly attributed to *Wholesale & Retail Trade* and *Other Services.*

Figure 18: Trends in Crude Bauxite, Alumina & Total Bauxite Production (12-Month Per cent Change)



Source: Jamaica Bauxite Institute

Table 1: Industry Contribution to Growth (March 2023 Quarter)

	Contribution*	Estimated Impact on Growth
GOODS	23.1	3.0 to 4.0
Agriculture, Forestry & Fishing	3.4	1.5 to 2.5
Mining & Quarrying	20.8	115.0 to 116.0
Manufacturing	6.0	2.5 to 3.5
Construction	-7.1	-4.0 to -3.0
SERVICES	76.9	4.0 to 5.0
Electricity & Water Supply	0.5	0.0 to 1.0
Wholesale & Retail Trade, Repairs & Installation	6.3	1.0 to 2.0
Hotels & Restaurants	46.6	36.5 to 37.5
Transport Storage & Communication	7.6	2.5 to 3.5
Financing & Insurance Services	2.6	0.5 to 1.5
Real Estate, Renting & Business Activities	1.5	0.0 to 1.0
Producers of Government Services	0.0	-0.5 to 0.5
Other Services	14.0	9.0 to 10.0
Financial Intermediation Services Indirectly Measured	2.2	1.5 to 2.5

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

[2] Jamalco was closed from 22 August 2021 to July 2022.

[3] The transaction was expected to be completed at end-April 2023.

Aggregate Demand

From the perspective of aggregate demand, the estimated growth for the March 2023 quarter reflects improvements in consumption, investment and net exports. Growth in consumption reflected an expansion in real private spending supported by an acceleration in personal loans and higher GCT collections. Notably, growth in investment is predicated on increases in FDI and private domestic investment. The improvement in net exports was underpinned by higher exports, particularly tourism, partly offset by higher imports (see **Balance of Payments**).

In the context of the growth in GDP for the March 2023 quarter, Bank of Jamaica estimates a positive output gap for the quarter, which is below the previous projection.[4] This estimated output gap is higher than the positive output gap for the December 2022 quarter and the negative output gap for the March 2022 quarter.

Outlook

Real GDP is projected to grow at an average rate of 1.0 to 2.0 per cent over the June 2023 to March 2025 quarters. In this context, GDP growth of 1.0 to 3.0 per cent and 0.5 to 2.5 per cent are projected for FY2023/24 and FY2024/25, respectively. The projected improvement in the economy largely reflects buoyancy in both the goods and services industries.

The strongest expansions over the next eight quarters (June 2023 to March 2025) are anticipated in *Mining & Quarrying*, *Agriculture, Forestry & Fishing*, *Hotels & Restaurants*, and *Electricity & Water Supply.* Growth in *Mining & Quarrying* is underpinned by the expectation for a complete resolution of operational challenges and an enahancement in the capacity utilization at both the Ewarton and Jamalco alumina plants. For *Hotels & Restaurants*, the industry is expected to remain resilient notwithstanding a slowdown in GDP growth in the US.

Real GDP growth over the near-term (June 2023 to March 2025 quarters) remains broadly in line with the previous forecast.[5] This mainly reflects higher growth for *Hotels & Restaurants* and its allied services, largely offset by lower growth for *Agriculture, Forestry & Fishing* and *Mining & Quarrying.*

Over the medium term (FY2025/26 – FY2028/29), GDP growth is anticipated to average 1 – 2 per cent, reflecting the impact on the output of climate-related projects which are targeted for execution over the period FY2025/26 to FY2028/29 .

The forecasted growth over the medium term mainly reflects growth in Construction, Manufacturing, Wholesale and Retail Trade and Electricity & Water Supply. In addition, continued expansion is anticipated for tourism and its allied industries.

Risks

The risks to the projected growth of the Jamaican economy are skewed to the downside. On the downside (that is slower growth), there is a risk that external demand could be weaker than anticipated. In addition, adverse weather conditions could also result in lower than projected GDP.

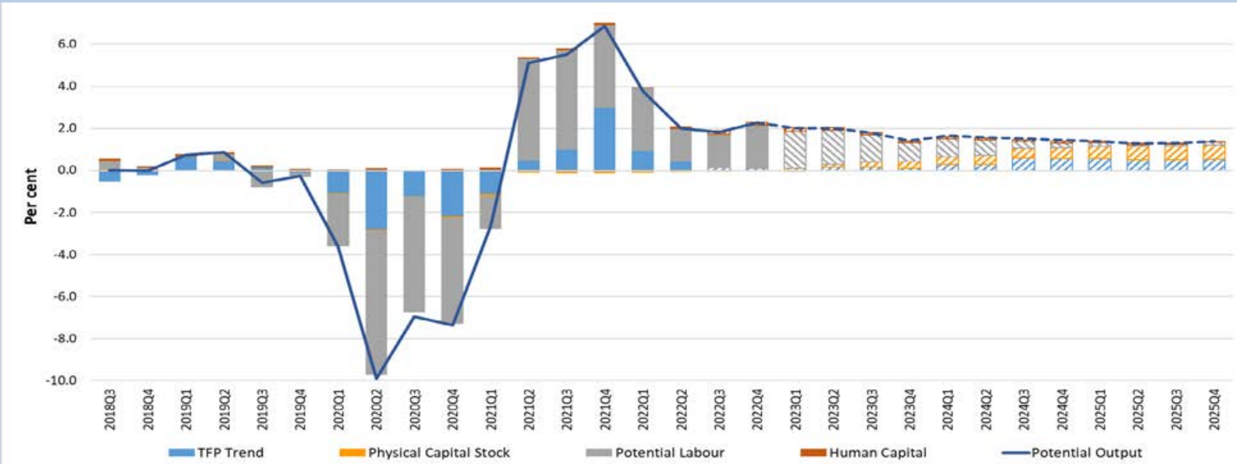
[4] The output gap is the difference between real GDP and the potential output. Expressed in percentage form, the output gap measures the deviation of real GDP from its potential as a fraction of potential output.

[5] The previous 8-quarter forecast, which included the March 2023 quarter, was 1.9 per cent. However, the current projection is in line with the previous 8-quarter forecast of 1.4 per cent for the June 2023 to March 2025 period.

Box 3: Potential Output

Jamaica's potential output is estimated to have increased within the range of 1.5 to 2.5 per cent for the March 2023 quarter, which is below the growth of 3.8 per cent for the March 2022 quarter, but in line with the December 2022 quarter (see Figure 1).[6]

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



Contributions to Potential Output Growth[7]

The estimated expansion in potential output for the March 2023 quarter reflects increases in potential labour supply, human capital and physical capital stock. The growth in total factor productivity was estimated to be flat for the review quarter (see Figure 1). Potential labour supply is estimated to have grown within the range of1.5 to 2.5 per cent for the quarter, a slower pace than the estimated growth in the March and December 2022 quarters. The estimated growth for potential capital stock is an improvement over the estimated decline of 0.5 to 1.5 per cent and flat growth for the March 2022 quarter and December 2022 quarter, respectively.

Outlook for Potential Output

Potential output is forecasted to increase at an average rate of 1.0 to 2.0 per cent over the June 2023 to March 2025 quarters (near-term). Potential labour supply, total factor productivity and physical capital stock are projected to grow at average rates of 0.8 per cent, 0.3 per cent and 0.4 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 as well as improvements in the potential labour force participation rate. Over the near-term, the growth in potential average hours worked and potential labour force participation are projected to average 0.6 per cent and 0.2 per cent, respectively. These are in line with previous projections.

[6] 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.

[7] 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.

4.0 Fiscal Accounts

For the March 2023 quarter, Central Government's operations recorded a fiscal deficit of $1.9 billion (0.1 per cent of GDP), as against the surplus of $27.0 billion (1.2 per cent of GDP) for the March 2022 quarter. The outturn for the review period reflected higher expenditure, partly offset by higher revenue (in particular tax revenue) relative to the corresponding period of 2022. The higher expenditure was reflected mainly in compensation of employees.

Recent Developments

For the March 2023 quarter, Central Government's operations recorded a fiscal deficit of $1.9 billion (0.1 per cent of GDP), relative to the surplus of $27.0 billion (1.2 per cent of GDP) for the March 2022 quarter. The outturn for the review period reflected higher expenditure, partly offset by higher revenue (in particular tax revenue) compared to the corresponding period of 2022. The higher expenditure was reflected mainly in compensation of employees.

The performance of Revenue & Grants for the March 2023 quarter was mainly attributable to higher tax revenue which emanated from all categories, particularly income & profits and production & consumption.[1]

For the review period, the higher expenditure than in the March 2022 quarter was largely reflected in compensation of employees, partly offset by lower programmes (see **Table 2**). Greater compensation of employees was attributable to the salary compensation review while, the lower programme spending was due to procurement delays.

The financing requirement for Central Government for the March 2023 quarter was $110.9 billion (4.1 per cent of GDP) reflecting the fiscal deficit of $1.9 billion (0.1 per cent of GDP) and amortisation of $109.0 billion (4.0 per cent of GDP).

Financing during the quarter was sourced from domestic and external loans receipts of $47.9 billion (1.8 per cent of GDP) and $5.8 billion (0.2 per cent of GDP), respectively. Domestic loans reflected BIN and Treasury bill issuances amounting to $42.9 billion (1.6 per cent of GDP) and $5.0 billion (0.2 per cent of GDP), respectively. External loan receipts amounted to US$37.5 million (0.2 per cent of GDP) from multilateral agencies for investment projects.

Amortisation for the March 2023 quarter mainly reflected domestic amortisation, which included the maturity of two Fixed Rate BINs amounting to $90.5 billion (3.3 per cent of GDP) and Treasury bill maturity of $5.5 billion (0.2 per cent of GDP). There was a contingency payment of $134.8 million (0.01 per cent of GDP). In addition, there was external amortisation of US$49.9 million (0.3 per cent of GDP) and US$39.4 million (0.2 per cent of GDP) to multilateral and bilateral lending agencies, respectively. Against this background, there was a draw-down of $56.9 billion (2.1 per cent of GDP) in Central Government bank balances.

[1] Higher income & profits was largely driven by the over performance of PAYE and receipts from other companies. The increase in PAYE was attributable to salary increases arising from the GOJ's compensation review as well as improved labour market conditions while the increase in other companies' inflows reflected higher profits. The increase in production & consumption was attributable to greater GCT (local) and education tax.

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

	Quarter		
	Mar-23	Mar-22	Diff
Revenue & Grants	**9.9**	**9.7**	**0.2**
o/w Tax Revenue	**9.0**	**8.5**	0.6
Non- Tax Revenue	0.8	1.1	(0.3)
Grants	0.0	0.1	(0.1)
Expenditure	**9.9**	**8.5**	**1.4**
Programmes	2.9	3.3	(0.4)
Compensation of Employees	4.7	2.6	2.1
Interest Payment	1.8	1.9	(0.1)
Capital Expenditure	0.6	0.7	(0.1)
Fiscal Surplus/Deficit	**(0.1)**	**1.2**	**(1.1)**
Primary Balance	**1.7**	**3.1**	**(1.4)**
Current Balance	**1.1**	**1.7**	(0.6)
Total Financing	**2.0**	**2.3**	(0.3)
External Loans	0.2	2.0	(1.8)
Domestic Loans	1.8	0.2	1.6
Other Inflows	**0.0**	**0.0**	(0.0)
Other Outflows	**0.0**	**0.2**	(0.2)
Amortisation	**4.0**	**3.0**	1.0
External	0.5	2.0	(1.5)
Domestic	3.5	0.9	2.6
Overall Balance	**(2.1)**	**0.3**	**(2.4)**

Source: Ministry of Finance & the Public Service

5.0 Balance of Payments

The current account of the balance of payments is estimated to have recorded a surplus of 0.0 to 1.0 per cent of GDP for the March 2023 quarter, lower (better) than the outturn for the March 2022 quarter. The current account deficit (CAD) for FY2023/24 is projected to deteriorate within the range of 0.5 to 1.5 per cent of GDP from an estimated surplus of 0.5 – 2.5 per cent for FY2022/23. This deterioration largely reflects a fall in the surplus on the current transfers sub-account, partially offset by a higher surplus on the services sub-account. The CAD for FY2024/25 is projected within the range of 0.5 to 1.5 per cent of GDP before deteriorating over the medium-term.

Relative to the previous forecast, the projected CAD over the June 2023 to March 2025 quarter is lower (better). This revision is based largely on improvements in the services, current transfers and income sub-accounts, partially offset by a deterioration in the general merchandise trade balance. Over the medium term (FY2025/26 to FY2028/29) the CAD is forecasted to average between 1.0 and 2.0 per cent of GDP, relative to the previous projection of 1.2 per cent of GDP.

The outlook for the gross reserves has also improved over the previous projection. This is largely influenced by the March 2023 quarter outturn as well as higher than previously projected private capital inflows and higher GOJ 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). The main upside risks (higher deficit) to the CAD relates to lower travel inflows associated with weaker than expected growth in source markets. The main downside risks (lower deficit) relates to lower imports associated with weaker than expected domestic demand. The risks to reserves are skewed to the upside. The main upside risk stems from the possibility of higher than forecasted private capital inflows.

Recent Developments

For the March 2023 quarter, the current account of the balance of payments is estimated to have recorded a surplus of 0.0 to 1.0 per cent of GDP, lower (better) than the outturn for the March 2022 quarter. The improvement in the current account is primarily reflected in the services, account, underpinned by higher tourism inflows and lower transportation outflows.

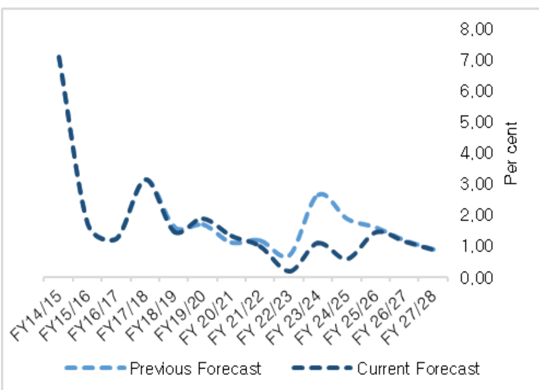
Relative to the previous projection, the current account balance for the March 2023 quarter is better. This is mainly underpinned by a higher-than-projected surplus on the current transfers account, a higher-than-projected surplus on the services sub-account , partially offset by a higher-than-projected deficit on the general merchandise trade balance . The higher current transfers were mainly underpinned by higher remittance inflows. The upward revision to the surplus on the services sub-account mainly reflected higher travel inflows. For the merchandise trade balance, imports were above projections while exports were lower than projected.

The current account (CA) is projected to be sustainable over the medium term. For FY2023/24, the CA is projected to deteriorate to a deficit within the range of 0.5 to1.5 per cent of GDP, lower (better) than the previous projection but worse than the surplus for FY2022/23.

The CAD is projected to improve, relative to the previous forecast over the medium-term. The CAD is projected to average 1.0 to 2.0 per cent of GDP between FY2025/26 to FY2028/29 (see **Figure 19**). The improvement in the CA is mainly due to an upward revision to travel and remittance inflows partially offset by climate-related projects.[1]

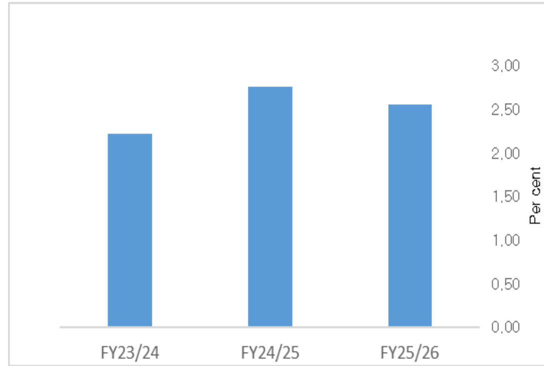
The current account balance, after accounting for FDI-related imports, reflects an average surplus of 2.5 per cent of GDP for the 3-year forecast period of FY2023/24 to FY2025/26 (see **Figure 20**).

Figure 19: Medium-Term CAD Forecast (% GDP)



Source: Bank of Jamaica

Figure 20: Current Account less FDI (% of GDP)



Source: Bank of Jamaica

[1] Over the medium term (FY2025/26 to FY2027/28), travel and remittance inflows are above previous projections primarily due to higher non-national visitor arrivals of 109,400 visitors and remittance inflows of US$164.9 million, on average.

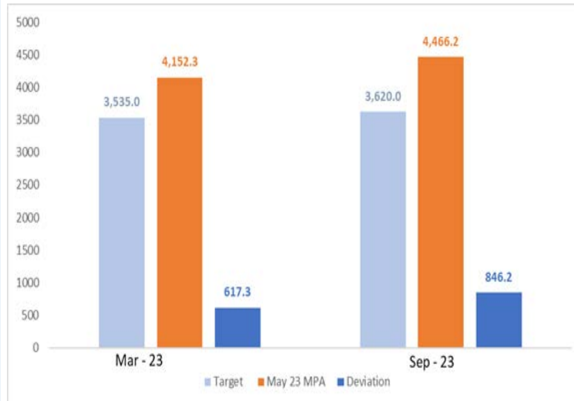
Box 4: Resilience and Sustainability Fund and the IMF NIR Targets

On 01 March 2023, The Executive Board of the International Monetary Fund (IMF) approved a 24-month arrangement for Jamaica under the Precautionary and Liquidity Line (PLL) with access to US$968 million (190 percent of quota). Approval was also granted for an arrangement under the Resilience and Sustainability Facility (RSF) for US$764 million (150 percent of quota) to strengthen physical and fiscal resilience to climate change, advance decarbonization of the economy, and manage transition risks.

Under the first year of the PLL arrangement, indicative targets have been defined for the Net International Reserves.

The NIR targets are defined as US$3,535 million and US$3,620 million for 31 March 2023 and 30 September 2023, respectively. The NIR ended March 2023 at US$4,152.3 million, US$617.3 million in excess of the target. The NIR is projected to end September 2023 at US$4,466.2 million, which is in excess of the target by US$846.2 million (see **Figure 1**).

Figure 1: NIR projections relative to IMF targets (US$MN)



6.0 Monetary Policy & Market Operations

BOJ maintained its signal rate during the March 2023 quarter at 7.00 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 March 2023 quarter, BOJ provided liquidity amounting to US$200 million via the B-FXITT facility.

Jamaican dollar liquidity increased during the March 2023 quarter, relative to the preceding quarter emanating from BOJ operations.

During the March 2023 quarter, BOJ maintained its signal rate during at 7.00 per cent.[1]

Liquidity Conditions

Liquidity conditions increased in the March 2023 quarter, relative to the December 2022 quarter. Deposit-taking institutions (DTIs) and primary dealers maintained average current account balances at Bank of Jamaica of $26.5 billion, above the average of $18.9 billion for the preceding quarter. The higher liquidity conditions were largely driven by net injection from BOJ operations through net FX purchases emanating from net PSE purchases and surrenders.[2] This was partly offset by net absorptions from GOJ due to net tax receipts.

Relative to forecast, deposit-taking institution's average current account balances for the quarter were lower than projected by $14.1 billion.[3] The lower than anticipated balances primarily reflected net absorption from GOJ operations, compared with a projected net injection from this source.[4] This was partly offset by net injection of $24.9 billion from BOJ operations, which was $4.8 billion above projection. The net injection from BOJ operations largely reflected net injection from its FX operations of $56.6 billion, which was $7.2 billion above projection, supported by weaker net absorptions from currency issue (see **Table 3**).

Bank of Jamaica conducted 13 auctions of 30-day CDs during the review quarter. The average offer size during the March 2023 quarter was $25.1 billion, above the average of $18.2 billion for the December 2022 quarter. Consistent with the Bank's monetary policy stance, the average yield on these operations for the review quarter increased to 9.70 per cent, 106 bps above the average for the December 2022 quarter.

Similar to the previous quarter, BOJ did not conduct any 14-day repurchase operation during the March 2023 quarter.

Foreign currency demand during the March 2023 quarter and the associated fluctuations in market conditions necessitated BOJ's foreign currency sales of US$200.0 million via the B-FXITT facility.[5] These intervention sales occurred in the first two months of the quarter. While there were repayments of USD CDs, there continued to be no new issues during the review period (see **Table 4**).

[1] Effective 18 November 2022, the Standing Liquidity Facility (SLF) rate increased to 9.0 per cent..

[2] The net FX purchases for the quarter indicated a preference for JMD liquidity to meet tax obligations, and inflows from tourism and remittances, and a decline in PSE sales relative to the previous quarter.

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

[4] During the March 2023 quarter, average net absorption of $16.8 billion through GOJ operations was $18.9 billion stronger than projected, reflective of higher tax revenue, lower capital expenditure, lower programmes expenditure, partly offset by higher compensation.

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

Table 3: BOJ Liquidity Facility (J$ Billions)

BOJ Liquidity Flow (J$ Billions)	Actual Sep-22	Actual Dec-22	Projected Average Mar-23	Actual Average Mar-23	Variance Mar-23
Net BOJ Operations (Inject/Absorb)	46.6	47.6	20.1	24.9	4.8
Open Market Operations	11.9	5.8	-17.2	-24.2	-7.0
BOJ Repo - (incl. OTROs)	1.2	0.5	4.7	-0.9	-5.6
FR CDs - (incl. 30day CDs)	-1.2	-3.2	-21.9	-23.3	-1.4
VR CDs	0.0	0.0	0.0	0.0	0.0
USD Indexed Notes	11.9	8.5	0.0	0.0	0.0
BOJ FX (incl. PSE)	30.3	41.8	49.5	56.6	7.2
BOJ Other	4.4	0.0	-12.2	-7.5	4.6
o.w. Currency Issue	0.2	-7.2	-14.1	-11.0	3.0
o.w. Cash Reserve (Com Banks)	0.1	-0.1	-0.9	-1.3	-0.4
o.w. other	4.1	7.1	2.8	4.8	2.0
GOJ Operations	-57.5	-50.0	2.1	-16.8	-18.9
Current A/C (+) = Loosen; (-) = Tighten	-10.9	-2.4	22.2	8.1	-14.1
Current A/C Balance	21.3	18.9	41.0	26.9	-14.1

Notes: (+) = Inject; (-) = Absorb

Source: Bank of Jamaica

Table 4: Placements & Maturities of BOJ USD Instruments

Tenor	October - December 2022			January - March 2023		
	Placements (US$MN)	Maturities (US$MN)	Average Rate (%)	Placements (US$MN)	Maturities (US$MN)	Average Rate (%)
5-year	-	0.00	-	-	0.00	-
7-year	-	0.79	-	-	0.08	-
TOTAL	-	0.79	-	0.00	0.08	-

Note: Total outstanding stock of USD CDs as at March 2023 was US$126.2 million

Source: Bank of Jamaica

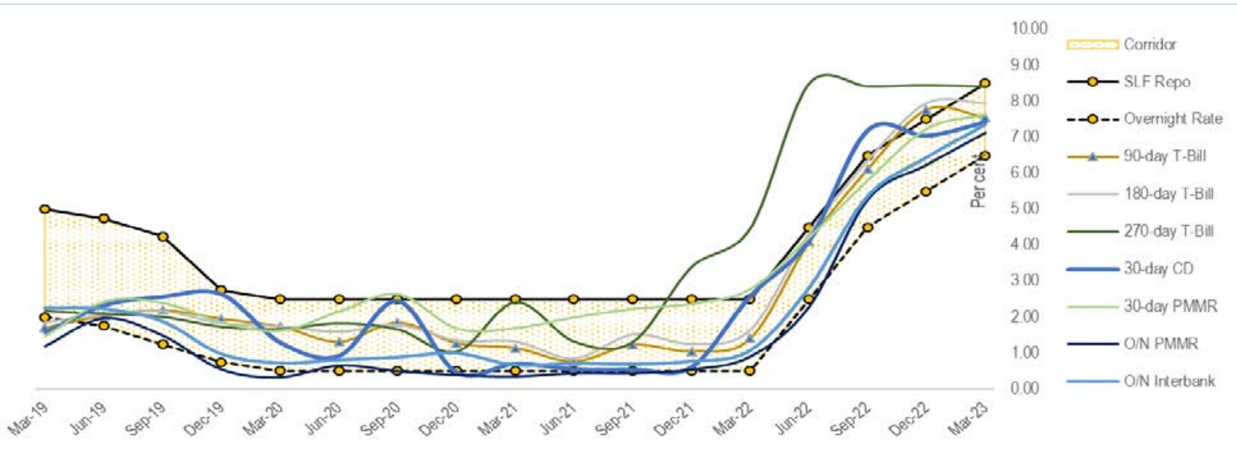
7.0 Financial Markets

Money market rates generally increased during the March 2023 quarter, influenced by the Bank of Jamaica's policy stance. The estimated yield curve on GOJ JMD bonds at end-March 2023 remained unchanged, relative to the yield curve at end-December 2022. Sovereign risk increased while the exchange rate risk declined for the March 2023 quarter.

Market Interest Rates

Consistent with the Bank's monetary policy stance, money market rates generally increased during the March 2023 quarter, relative to the preceding quarter. When compared to the rates at end-December 2022, the 30-day PMMR and the overnight (O/N) interbank rate were higher by 5 bps and 3 bps, respectively, while the O/N private money market rate (PMMR) and the 30-day CD declined by 71 bps and 40 bps, respectively. Also, the yields on GOJ 90-day and 180-day, at end-March 2023 were higher by 17 bps and 13 bps, respectively, while the 270-day Treasury bills declined by 4 bp (see **Figure 25**). Higher market rates were influenced by the Bank's policy stance during the March 2023 quarter. The decline in the O/N private money market deposit rate, 30-day CD and 270-day T-bill rate resulted from the increased JMD liquidity for the March 2023 quarter.

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



	SLF Repo	30-day CD	BOJ O/N Deposit	O/N PMMR	O/N Interbank	30-day PMMR	90-day T-Bill	180-day T-Bill	270-day T-Bill
Sep-21	2.50	2.59	0.50	0.91	1.07	2.78	1.41	1.66	1.31
Dec-21	4.50	4.13	2.50	2.29	2.80	4.22	4.09	4.33	3.39
Mar-22	6.50	7.19	4.50	5.28	5.35	5.80	6.12	6.37	4.47
Jun-22	7.50	7.04	5.50	6.24	6.43	7.23	7.78	7.96	8.50
Sep-22	8.50	7.41	6.50	7.14	7.34	7.63	7.57	7.96	8.42
Dec-22	9.00	8.89	7.00	8.01	8.28	8.60	8.04	8.18	8.45
Mar-23	9.00	8.49	7.00	7.30	8.31	8.65	8.21	8.31	8.41

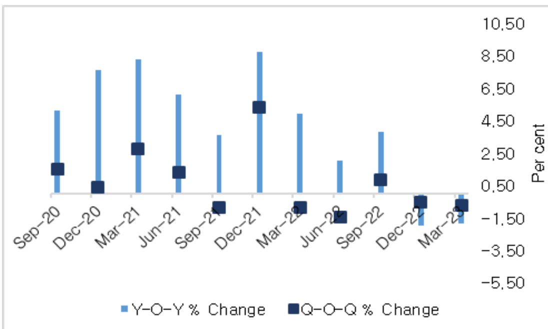
Source: Bank of Jamaica

[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 exchange rate appreciated during the March 2023 quarter, relative to the December 2022 quarter. The weighted average selling rate of the Jamaica Dollar vis-á-vis the US dollar (WASR) closed the March 2023 quarter at J$150.91 = US$1.00, reflecting an appreciation of 0.8 per cent, relative to the previous quarter and an appreciation of 1.9 per cent, relative to end-March 2022.[2]

Figure 26: Movements in WASR

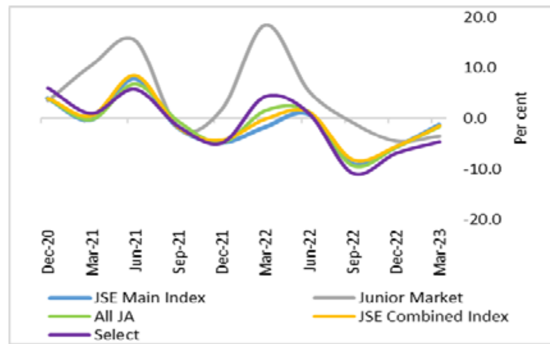


There was noticeable pressure in the foreign exchange market during the first half of the quarter. This pressure was underpinned by increased end-user demand and portfolio related demand by financial institutions. These demand pressures were attenuated by B-FXITT sales of US$200.0 million for the quarter. During the latter part of the quarter, there was an appreciation of the exchange rate due to a tightening in Jamaica dollar liquidity.

Equities Market

For the March 2023 quarter, all five of the major Jamaica Stock Exchange (JSE) indices recorded declines that ranged from 1.2 per cent to 4.6 per cent (see **Figure 27**). More specifically, the JSE Main Index declined by 1.2 per cent for the March 2023 quarter, compared to a decline of 5.7 per cent for the previous quarter. Similarly, the Junior Market Index declined by 3.6 per cent for the review quarter, relative to a decline of 4.5 per cent in the previous quarter. The declines in the indices occurred within the context of continued monetary policy tightening, harsher global economic conditions and heightened expectations of a global recession.

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



Source: Jamaica Stock Exchange

Similarly, the annual performance of the stock market for the year ended March 2023, reflected a decline for all the major JSE indices. The JSE Main Market Index recorded a decline on 14.4 per cent for the year ended-March 2023, compared to a decrease of 0.9 per cent for the same period last year. Meanwhile, the Junior Market Index recorded a decline of 3.8 per cent for the year ended-March 2023, relative to the growth of 36.6 per cent for the corresponding period of the previous year.

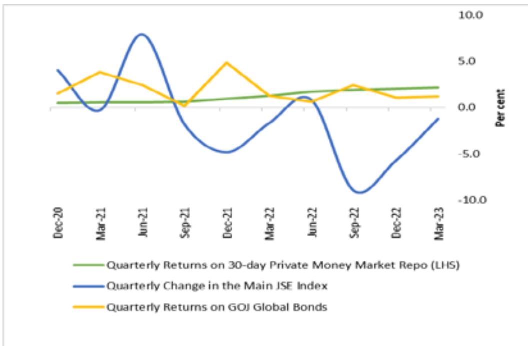
Of note, for the review quarter, foreign currency investments yielded stronger gains in comparison to equity investments. More specifically, foreign currency investments yielded a quarterly return of 1.2 per cent, while the quarterly returns on equities were -1.2 per cent for the March 2023 quarter.[4] Furthermore, the average quarterly yield on 30-day private money market instruments increased to 2.2 per cent for the March 2023 quarter, relative to 2.1 per cent for the previous quarter (see **Figure 28**).

[2] The average WASR for the March 2023 quarter was J$153.83 = US$1.00, reflecting an average appreciation of 0.2 per cent, relative to the December 2022 quarter and an average appreciation of 1.3 per cent relative to the March 2022 quarter. The average WASR for the March 2023 quarter was J$0.12 higher relative to the February 2023 MPA's average WASR of J$153.71= US$1.00.

[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)

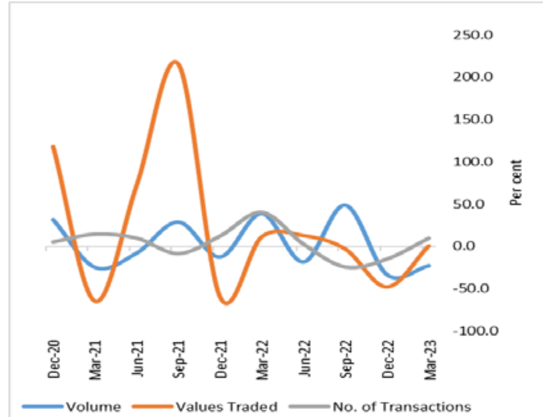


Source: Jamaica Stock Exchange and Bloomberg

Market activity indicators for the JSE Main Index showed mixed results for the March 2023 quarter. In particular, the volume of stocks traded declined by 23.1 per cent for the March 2023 quarter, relative to a decline of 33.9 per cent in the previous quarter. Meanwhile, the value of stocks traded and the number of transactions increased by 0.3 per cent and 9.6 per cent respectively, for the review quarter. This compares to a decline of 48.4 per cent and 15.1 per cent in the value of stocks traded and the number of transactions recorded, respectively, in the previous quarter. (see **Figure 29**).

The advance-to-decline ratio for the stocks listed on the JSE was 12:30 for the March 2023 quarter, with no stocks trading firm. This compares to an advance-to-decline ratio of 14:29 with one trading firm for the previous quarter. Of note, stock price appreciation was largely concentrated among the *Manufacturing* and *Other* categories. Meanwhile, the declining stocks were concentrated in *Manufacturing, Financial* and *Other* categories (see **Tables 6 and 7**).

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



Source: Jamaica Stock Exchange

Table 6: Stock Price Appreciation

Advancing	Per cent
Manufacturing	
Jamaica Broilers Group	20.4
Massy Holdings Limited	9.6
Kingston Wharves	1.9
Tourism	
Ciboney Group	23.2
Other	
Palace Amusement	36.2
Stanley Motta Limited	11.1
Sagicor Real Estate X Fund (XFUND)	8.4
Wigton Windfarm Limited (WIG)	5.6
Financial	
Sterling Investments Limited	6.6
Scotia Group Jamaica	1.7

Table 7: Stock Price Depreciation

Declining	Per cent
Financial	
Barita Investments Limited	-20.7
QWI Investments Limited	-14.3
Jamaica Stock Exchange	-9.3
Insurance	
Guardian Holdings Limited	-15.3
Manufacturing	
Berger Paints (Jamaica)	-20.1
Caribbean Producers Jamaica Limited	-17.4
Salada Foods Jamaica	-8.9
Other	
MPC Caribbean Clean Energy Limited (MPCCEL)	-14.4
Pulse Investments	-12.3
Margaritaville (Turks) Limited	-9.9

8.0 Monetary Aggregates

The estimated annual growth in money supply at March 2023 was higher than at December 2022 and the previous projection. Growth in credit to the private sector at March 2023 (using the same measure) was, however, largely in line with that as at December 2022 and the previous projection. Deposit and lending rates have not kept pace with the movement in other market rates.

Over the ensuing eight quarters, the average annual growth rates in money supply and private sector credit are forecasted to be above the previous projections. The stronger growth is primarily driven by a less pessimistic assumption regarding the normalisation in keeping with recent outturns.

Money

The monetary base increased by 26.3 per cent at March 2023 when compared with March 2022. Regarding the sources of the annual change in the monetary base at March 2023, there was an increase of 11.1 per cent in Bank of Jamaica's net international reserves (NIR), supported by an increase of 2.7 per cent in net domestic assets (NDA) (see Table 5). Higher net claims on the public sector and lower other operations contributed to the increase in the NDA. The increase in the Jamaica dollar equivalent of the NIR was mainly associated with an increase in the USD value of the NIR, influenced by inflows through the PSE Facility and from surrenders by Authorised Dealers and Cambios. The impact of these inflows was partly offset by outflows from Government of Jamaica as well as net B-FXITT sales of US$596.1 million over the year.

Table 5: Bank of Jamaica Accounts

	Stock (J$MN)			Flow (%)	
	Mar-22	Dec-22	Mar-23	Qtr. -o- Qtr.	Y-o-Y
NIR (US$MN)	3,675.8	3,976.2	4,152.4	4.4	13.0
NIR(J$MN)	564,279.7	603,195.4	626,881.7	3.9	11.1
- Assets	663,725.8	685,347.3	707,229.1	3.2	6.6
- Liabilities	-99,446.1	-82,151.9	-80,347.3	-2.2	-19.2
Net Domestic Assets	-296,160.7	-293,996.2	-288,143.3	2.0	2.7
- Net Claims on Public Sector	136,050.3	114,784.4	148,614.5	29.5	9.2
- Net Credit to Banks	-84,710.6	-85,247.8	-89,678.5	5.2	5.9
- Open Market Operations	-142,423.3	-130,018.1	-150,669.6	15.9	5.8
- Other	-205,077.1	-193,514.7	-196,409.6	1.5	-4.2
-o/w USD FR CDs	1,836.8	4,945.3	4,957.5	0.2	169.9
Monetary Base	268,119.1	309,199.3	338,738.4	9.6	26.3
- Currency Issue	207,895.6	233,760.7	224,592.2	-3.9	8.0
- Cash Reserve	44,909.6	45,437.4	47,844.1	5.3	6.5
- Current Account	15,313.9	30,001.1	66,302.1	121.0	333.0

Source: Bank of Jamaica

M2J expanded by 8.4 per cent at February 2023 largely underpinned by a growth of 8.7 per cent in local currency deposits. The growth in local currency deposits represented an increase relative to the 8.1 per cent recorded at end-December 2022. The higher growth in deposits was mainly reflected in time deposits which grew by 13.7 per cent relative to the growth of 8.8 per cent in December 2022. Demand and savings deposits grew by 8.9 per cent and 7.4 per cent, respectively, which was in line with the growth rates in December 2022.

Table 6: Components of Money Supply (M2*)

	Percentage Change (%)		
	Feb-22	Dec-22	Feb-23
Total Money Supply (M2*)	14.7	7.3	6.9
Money Supply (M2J)	12.7	6.7	8.4
Money Supply (M1J)	14.5	5.7	8.1
Currency with the public	17.6	1.9	7.1
Demand Deposits	12.2	8.9	8.9
Quasi Money	11.1	7.6	8.5
Savings Deposits	13.7	7.4	7.4
Time Deposits	0.8	8.8	13.7
Foreign Currency Deposits	18.0	8.5	4.6

Source: Bank of Jamaica

Private Sector Credit

Growth in private sector loans and advances was largely in line 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 12.8 per cent at February 2023. This was largely in line with the growth of 12.6 per cent as at December 2022. This translates to an annual acceleration in real terms. Relative to GDP, the stock of private sector loans at February 2023 was 42.1 per cent, below the ratio of 43.1 per cent a year earlier.

The growth in total loans and advances was underpinned by expansions in loans of 13.1 per cent and 12.6 per cent to productive and the individual sector, respectively. Growth in loans to the productive sector was mainly attributed to increases in loans to the *Tourism, Distribution, Construction*, *Manufacturing* and *Professional & Other Services* industries.

Table 7: Select Private Sector Financing Indicators
(12-month Percentage Change)

Stock	Feb-22	Dec-22	Feb-23
Total DTI	6.6	12.6	12.8
o.w. to Businesses	1.6	11.6	13.1
o.w. to Consumers	10.4	13.3	12.6
Stock as a % of Annual GDP			
Total DTI	43.1	42.6	42.1
o.w. to Businesses	17.7	17.6	17.3
o.w. to Consumers	25.4	25.0	24.8

Source: Bank of Jamaica

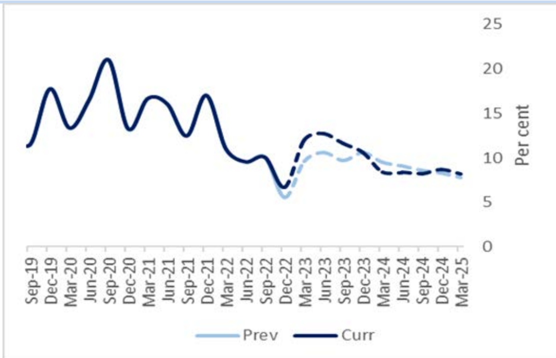
Monetary Projections

M2J is projected to expand at an average annual rate of 9.6 per cent over the next eight quarters, above the previous projection of 9.3 per cent. The pace of broad money growth is anticipated to reflect expansions primarily in local currency deposits over the near term. The increase in the growth projection for broad money reflects the impact of stronger than anticipated local currency deposit growth.

Growth in DTI private sector credit is forecasted to be stronger over the next eight quarters relative to the previous projections. Private sector credit is projected to grow at an average rate of 10.6 per cent up to the March 2025 quarter, compared to the previous forecast for an expansion of 8.5 per cent.[1]

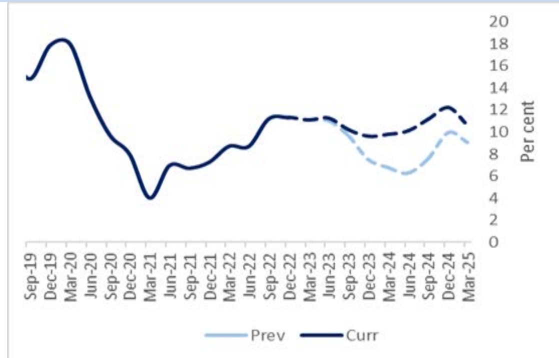
[1] The private sector credit to GDP ratio is expected to return to 2019 levels over the remainder of CY 2023. As at December 2019, the ratio was 43.0 per cent, and went as high as 50.7 per cent in March 2021, but moderated to 44.2 per cent as at March 2023.

Figure 21: Annual Growth in M2J



Source: Bank of Jamaica

Figure 22: Private Sector Credit Growth



Source: Bank of Jamaica

9.0 Conclusion

Inflation is projected to average between 5.0 and 6.0 per cent over the next eight quarters (June 2023 quarter to the March 2025 quarter), which is lower when compared to the average inflation rate of 8.5 per cent over the past two years and similar to the previous projection. Adjustments to selected regulated prices including the national minimum wage, recent increases in the cost of communication services, seasonal increases in agricultural prices as well as pending increases in other regulated prices such as transport costs, could temporarily lift inflation back above the Bank's target range over the next three to four months. Inflation is, however, projected to again trend toward the target range by the December 2023 quarter. This forecast reflects the continued decline in commodity and shipping prices, moderating inflation expectations and a moderate pace of depreciation in the exchange rate. The impact of these downward pressures is likely to be partly offset by increases in selected regulated prices, marginally higher energy prices and some wage-related inflation.

Real GDP is estimated to have grown by 3.5 to 4.5 per cent for FY2022/23 and is projected to expand by 1.0 to 3.0 per cent and by 0.5 to 2.5 per cent for FY2023/24 and FY2024/25, respectively. The projected growth for FY2022/23 is above the previous assessment. For the medium term (FY2025/26 – FY2028/29), GDP growth is projected to average 1.0 to 2.0 per cent, which is slightly above the previous projection. Labour market pressures are expected to remain strong. The risks to the forecast for real GDP growth are skewed to the downside.

The current account deficit (CAD) of the balance of payments (BOP) for FY2023/24 is projected to deteriorate to 0.5 to 1.5 per cent of GDP from a current account surplus of 0.5 – 2.5 per cent of GDP for FY2022/23. This deterioration largely reflects a fall in the surplus on the current transfers sub-account, partially offset by a higher surplus of the services sub-account. The CAD for FY2024/25 is projected within the range of 0.5 to 1.0 per cent of GDP before deteriorating over the medium-term. Over the medium term (FY2025/26 to FY2027/28) the CAD is forecasted to average 1.0 to 2.0 per cent of GDP, slightly above the previous projection. Reserves are anticipated to be above the ARA 100% benchmark over the medium term.

On 29 March 2023, BOJ announced a hold in its policy rate at 7.00 per cent per annum. The Bank also maintained the measures to ensure stability in the foreign exchange market and to contain Jamaica dollar liquidity expansion. The Bank also signalled its intention to pursue strategies to strengthen the monetary transmission mechanism. In addition, the MPC noted that it will continue to closely monitor the global and domestic environments for potential risks that could threaten Jamaica's inflation target.

Additional Tables

1: INFLATION RATES

		CPI (Point-to-Point) **	Headline Inflation	Core Inflation*
FY10/11	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
	Dec-22	127.93	9.36	10.15
	Mar-23	127.97	6.19	7.91

* Core inflation is measured as headline inflation excluding agriculture and fuel related components of the CPI Basket (CPI-AF)

** STATIN revised the reference basket used to measure the CPI in March 2020

2: ALL JAMAICA INFLATION – Point-to-Point (March 2023) *

Divisions, Classes and Groups	Weight (%)	Inflation (%)	Weighted Inflation	Contribution
FOOD & NON-ALCOHOLIC BEVERAGES	35.79	10.14	3.63	59.13
Food	33.76	9.99	3.37	54.93
Cereals and cereal products (ND)	6.68	12.48	0.83	13.59
Live animals, meat and other parts of slaughtered land animals (ND)	6.60	9.77	0.65	10.51
Fish and other seafood (ND)	3.59	9.51	0.34	5.57
Milk, other dairy products and eggs (ND)	2.86	11.74	0.34	5.46
Oils and Fats (ND)	0.91	12.70	0.12	1.88
Fruits and nuts (ND)	2.60	5.20	0.14	2.20
Vegetables, tubers, plantains, cooking bananas and pulses (ND)	7.02	8.26	0.58	9.44
Tubers, plantains, cooking bananas and pulses (ND)	2.04	19.15	0.39	6.37
Vegetables	4.98	4.43	0.22	3.59
Sugar, confectionery and desserts (ND)	1.31	11.96	0.16	2.55
Ready-made food and other food products n.e.c. (ND)	2.19	10.81	0.24	3.86
Non-Alcoholic Beverages	2.03	12.88	0.26	4.27
Fruit and Vegetable Juices (ND)	0.66	11.69	0.08	1.26
Coffee, Tea and Cocoa	0.46	15.97	0.07	1.20
Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	0.91	12.49	0.11	1.85
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	1.45	10.20	0.15	2.41
CLOTHING AND FOOTWEAR	2.48	5.95	0.15	2.40
Clothing	1.66	6.38	0.11	1.72
Footwear	0.82	5.07	0.04	0.68
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	17.85	-1.93	-0.34	-5.61
Rentals for Housing	9.09	0.95	0.09	1.41
Maintenance, Repair and Security of the Dwelling	0.67	8.53	0.06	0.94
Water Supply and Miscellaneous Services Related to the Dwelling	2.27	3.60	0.08	1.33
Electricity, Gas and Other Fuels	5.82	-9.16	-0.53	-8.68
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE	3.77	9.24	0.35	5.68
Furniture, Furnishings, and Loose Carpets	0.36	4.97	0.02	0.29
Household Textiles	0.22	5.63	0.01	0.20
Household Appliances	0.35	5.54	0.02	0.32
Tools and Equipment for House and Garden	0.15	4.41	0.01	0.11
Goods and Services for Routine Household Maintenance	2.70	10.89	0.29	4.78
HEALTH	2.63	4.76	0.12	2.04
Medicines and Health Products	2.16	4.67	0.10	1.64
Outpatient Care Services	0.30	7.34	0.02	0.36
Other Health Services	0.17	1.15	0.00	0.03
TRANSPORT	11.23	1.44	0.16	2.63
INFORMATION AND COMMUNICATION	4.57	-2.53	-0.12	-1.89
RECREATION, SPORT AND CULTURE	5.02	6.69	0.34	5.47
EDUCATION SERVICES	2.43	8.84	0.22	3.50
RESTAURANTS & ACCOMMODATION SERVICES	6.65	16.85	1.12	18.27
INSURANCE AND FINANCIAL SERVICES	1.13	0.32	0.00	0.06
PERSONAL CARE, SOCIAL PROTECTION AND MISCELLANEOUS GOODS AND SERVICES	4.99	7.26	0.36	5.90
ALL DIVISIONS	100.00	6.19	6.14	100.00

3: BANK OF JAMAICA OPERATING TARGETS

	Actual Mar-21	Actual Jun-21	Actual Sep-21	Actual Dec-21	Actual Mar-22	Actual Jun-22	Actual Sep-22	Actual Dec-22	Actual Mar-23
Net International Reserves (US$)	3,319.32	3,388.71	3,964.22	4,000.77	3,675.85	3,804.75	3,807.30	3,976.25	4,152.36
NET INT'L RESERVES (J$)	483,499.7	507,566.6	584,566.63	616,242.37	564,279.73	573,423.61	578,957.26	603,195.44	626,881.71
Assets	618,120.4	641,947.1	713,099.77	744,492.11	663,725.83	661,615.64	661,408.44	685,347.31	707,229.05
Liabilities	134,620.7	134,380.5	128,427.3	-128,249.74	-99,446.11	-88,192.03	-82,451.18	-82,151.87	-80,347.34
NET DOMESTIC ASSETS	-188,136.32	-208,050.82	- 267,249.64	-276,378.11	-296,160.65	-294,497.14	-295,955.39	-293,996.16	-288,143.28
-Net Claims on Public Sector	181,996.1	213,236.0	143,591.3	141,473.17	136,05033	128,865.57	103,495.97	114,784.43	148,614.51
-Net Credit to Banks	-70,829.7	-75,868.7	-77,171.4	-81,335.02	-84,710.58	-85,841.83	-86,021.11	-85,247.82	-89,678.54
-Open Market Operations	-100,734.3	-131,936.0	-134,896.6	-119,548.25	-142,423.26	-147,399.54	-117,518.10	-130,018.10	-150,669.64
-Other	-198,568.4	-213,482.1	-198,772.9	-216,968.01	-205,077.14	-190,121.34	-195,912.16	-193,514.67	-196,409.62
MONETARY BASE	295,363.4	299,515.8	317,422.8	339,864.27	268,119.07	278,926.48	283,001.87	309,199.28	338,738.43
- Currency Issue	181,924.1	181,058.4	197,436.1	226,933.52	207,895.60	204,515.25	206,218.51	233,760.72	224,592.25
- Cash Reserve	39,901.1	41,429.1	43,525.4	44,348.06	44,909.59	45,885.45	45,291.63	45,437.41	47,844.11
- Current Account	73,672.2	77,028.3	76,461.3	68,582.69	15,313.88	28,525.77	31,491.79	30,001.15	66,302.07
GROWTH IN MONETARY BASE [F-Y-T-D]	-	1.4	7.5	15.1	-	4.0	5.6	15.3	-

4: MONETARY AGGREGATES

		BASE	M1J	M1	M2J	M2	M3J	M3
FY16/17	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
	Sep-22	283,001.87	399,254.74	462,863.63	829,756.76	1,311,358.70	1,065,630.99	1,556,104.97
	Dec-22	309,199.28	430,073.61	492,538.25	873,718.70	1,369,647.42	1,135,973.38	1,369,647.42
	Feb-23	303,424.70	427,675.59	489,616.09	873,711.68	1,379,103.61	1,134,368.13	1,379,103.61

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

		1-month	3-month	6-month
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
FY15/16	Jun-15	6.23	6.48	6.63
	Sep-15	6.23	6.20	6.35
	Dec-15	5.97	5.96	6.04
	Mar-16	5.38	5.75	5.83
FY16/17	Jun-16	5.47	5.86	6.01
	Sept-16	5.84	5.86	5.81
	Dec-16	5.64	5.68	6.56
	Mar-17	6.10	6.13	6.32
FY17/18	Jun-17	...	5.77	6.13
	Sept-17	...	4.98	5.45
	Dec-17	...	4.18	4.63
	Mar-18	...	2.98	3.17
FY18/19	Jun-18	...	2.54	2.66
	Sep-18	...	1.71	1.87
	Dec-18	...	2.05	2.07
	Mar-19	...	2.19	2.17
FY19/20	Jun-19	...	1.95	1.84
	Sep-19	...	1.74	1.75
	Dec-19	...	1.32	1.60
	Mar-20	...	1.85	1.80
FY20/21	Jun-20	...	1.28	1.36
	Sep-20	...	1.14	1.33
	Dec-20	...	0.77	0.86
	Mar-21	...	1.23	1.52
FY21/22	Jun-21	...	1.05	1.27
	Sep-21	...	1.41	1.66
	Dec-21	...	4.09	4.33
	Mar-22	...	6.12	6.37
FY22/23	Jun-22	...	7.78	7.96
	Sep-22	...	7.57	7.96
	Dec-22	...	8.04	8.18
	Mar-23	...	8.21	8.31

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

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

		30 days
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
FY21/22	Jun-21	0.57
	Sep-21	1.97
	Dec-21	4.17
	Mar-22	6.50
FY22/23	Jun-22	7.32
	Sep-22	7.67
	Dec-22	9.07
	Mar-23	8.33

7: Placements and Maturities* in BOJ OMO Instruments

	July - September 2022			October - December 2022			January - March 2023		
	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	249.5	232.0	7.72	217.6	234.6	8.64	278.0	318.4	9.70
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		4.5	0		0	0	
730-day FR CD	0	8.0	8.95	0	0		0	0	
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	0	
730-day FR USD IB	19.6	0		0	0		0	0	
911-day FR USD IB	0	0		0	0		0	0.0	
1095-day FR USD IB	0	0		0	0		0	0	
Repos	299.3	301.0		332.5	332.5		281.7	272.4	
	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	0.32	0		0	0		0	0	
7-year FR USD CD	0.01	0		0.79	0		0.08	0	
TOTAL	0.33	0		0.79	0		0.08	0	

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

	Bauxite	Alumina	Sugar	Bananas	Other Traditional	Non-Traditional	Other	Total Goods Exports
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+	72.9	316.4	6.0	0.9	77.7	675.9	157.6	1307.4
Jun-21	17.3	125.4	5.4	0.2	23.8	186.9	49.2	408.3
Sep-21	17.1	117.8	0.1	0.3	19.3	170.2	23.7	348.4
Dec-21	20.1	42.4	0.5	0.2	15.0	138.7	34.6	251.0
Mar-22	18.5	30.8	0.1	0.3	19.5	180.1	50.2	299.0
FY22/23+	37.7	83.7	3.4	0.6	48.0	385.5	246.6	805.0
Jun-22	20.9	50.1	3.3	0.3	23.9	208.4	91.3	398.0
Sep-22	17.6	33.6	0.1	0.3	24.2	177.1	155.0	408.0

+ Revised

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

	Mar-20+	Jun-20+	Sep-20+	Dec-20+	Mar-21+	Jun-21+	Sep-21 +	Dec-21+	Mar-22+	Jun-22+	Sep-22+
1. Current Account	37.3	-82.7	11.0	-27.0	-50.6	228.7	45.1	-97.9	-333.0	19.6	-152.1
A. Goods Balance	-853.3	-614.2	-660.0	-821.0	-647.2	-556.6	-577.9	-1043.9	-1153.8	-1194.4	-1292.3
Exports (f.o.b)	358.2	264.7	306.4	321.2	360.3	422.9	371.5	286.0	340.6	460.5	466.3
Imports (f.o.b)	1211.6	878.9	966.4	1142.2	1007.5	979.5	949.4	1329.9	1494.3	1654.9	1758.6
B. Services Balance	513.4	-77.4	-51.3	-4.5	-61.8	-23.3	-185.1	67.2	249.5	427.6	320.5
Transportation	-154.4	-119.9	-129.9	-143.9	-307.4	-435.1	-591.8	-391.1	-331.0	-276.1	-311.1
Travel	835.1	0.8	141.1	240.9	254.1	478.9	540.4	657.0	721.2	872.5	848.7
Other Services	-167.3	41.7	-62.5	-101.6	-8.5	-67.1	-133.7	-198.7	-140.7	-168.9	-217.0
Goods & Services Balance	-340.0	-691.6	-711.3	-825.5	-708.9	-579.9	-763.0	-976.7	-904.1	-766.8	-971.8
C. Income	-200.5	-82.0	-142.1	-29.8	-158.2	-104.2	-121.3	-34.9	-228.4	-96.7	-118.0
Compensation of employees	7.5	8.9	20.0	45.5	15.3	9.7	28.5	46.5	18.8	16.8	33.3
Investment Income	-208.0	-90.9	-162.1	-75.3	-173.5	-113.9	-149.9	-81.5	-247.2	-113.6	-151.3
D. Current Transfers	577.8	691.0	864.4	828.3	816.6	912.9	929.4	913.8	799.5	883.2	937.8
General Government	43.4	21.7	46.5	37.4	44.0	40.8	53.7	40.5	47.0	41.7	48.7
Other Sectors	534.3	669.3	817.8	790.9	772.5	872.0	875.7	873.3	752.5	841.5	889.1
2. Capital & Financial Account	105.0	175.2	-497.4	942.0	423.4	276.7	-401.1	1572.9	1930.5	977.2	529.5
A. Capital Account	-9.5	-9.2	-5.8	-6.3	-8.6	-9.2	-5.8	-5.6	-9.2	-7.8	-6.7
Capital Transfers	-9.5	-9.2	-5.8	-6.3	-8.6	-9.2	-5.8	-5.6	-9.2	-7.8	-6.7
General Government	0.5	0.8	1.9	1.0	1.4	0.8	1.9	1.8	0.9	2.2	2.5
Other Sectors	-10.0	-9.9	-7.7	-7.3	-10.0	-9.9	-7.7	-7.3	-10.0	-9.9	-9.2
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	114.5	184.4	-491.6	948.3	432.0	285.8	-395.3	1578.5	1035.1	985.0	536.2
Direct Investment	99.9	89.9	22.1	46.5	22.3	36.7	118.4	86.9	44.5	64.7	100.1
Portfolio Investment	-37.3	-198.2	-311.8	38.1	-268.8	-198.2	-311.8	320.2	-127.1	57.0	215.3
Other official investment	-236.4	-150.0	-76.1	93.7	165.2	-58.6	-76.1	579.2	-11.7	96.0	16.9
Other private Investment	263.9	154.3	96.1	394.1	377.7	217.6	96.1	552.5	434.8	186.5	120.5
Reserves	24.4	288.4	-222.0	375.9	135.6	288.4	-222.0	39.7	694.5	580.8	83.4
Errors & Omissions	-142.3	-92.6	486.5	-915.0	-372.8	-505.4	356.1	-1475.0	-692.4	-996.9	-377.4

+ Revised

10: FOREIGN EXCHANGE SELLING RATES

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

		US$	Can$	GBP £
FY12/13	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
	Dec-22	152.0521	108.4869	182.0905
	Mar-23	150.9129	113.4294	189.4821

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

		(US$MN) Gross Foreign Assets	(US$MN) Gross Foreign Liabilities	(US$MN) International Reserves (Net)	Weeks of Imports Goods	Weeks of Imports Goods & Services
FY13/14	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
	Dec-22	4517.79	-541.54	3976.25	37.46	25.20
	Mar-23	4684.57	-532.21	4152.36	38.84	26.13

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

Sep 2019 – Sep 2021– + (Seasonally Unadjusted)

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

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
Total Value Added at Basic Prices	-8.3	-6.6	14.2	5.9	6.7	6.4	4.8	5.9	3.8
Agriculture, Forestry & Fishing	-7.2	-1.9	15.0	7.3	13.8	8.4	6.4	16.3	5.9
Mining & Quarrying	6.3	7.2	-9.2	-29.7	-60.5	-60.0	-62.5	-27.6	99.0
Manufacturing	-0.4	-1.3	13.0	3.7	-2.2	4.5	5.7	9.4	5.4
Food, Beverages & Tobacco	-0.7	-2.3	9.9	3.4	2.2	6.8	10.3	12.7	2.8
Other Manufacturing	-0.0	0.1	17.8	4.3	-7.3	1.3	-0.9	4.5	8.9
Construction	6.3	10.5	17.4	4.4	5.9	3.5	-5.2	-3.1	-4.8
Electricity & Water	-9.3	-6.9	4.0	0.6	5.8	1.4	2.0	3.9	1.7
Wholesale & Retail Trade; Repairs; Installation Of Machinery	-8.8	-5.1	19.3	4.4	10.6	8.8	7.6	5.3	1.3
Hotels and Restaurants	-53.8	-55.9	334.6	114.6	79.5	107.1	56.0	35.3	21.6
Transport, Storage & Communication	-10.4	-7.8	13.6	8.8	10.1	8.8	5.6	5.9	5.9
Finance & Insurance Services	-2.8	-1.1	2.8	3.3	2.7	0.8	1.1	1.0	1.4
Real Estate & Business Services	-1.3	-1.9	5.2	0.7	2.1	1.1	2.1	3.3	0.6
Government Services	0.2	0.0	0.4	0.4	-0.1	0.4	0.4	0.1	-0.8
Other Services	-21.6	-21.9	23.2	12.2	10.4	12.1	9.8	13.0	10.4
Less Financial Intermediation Services Indirectly Measured (FISIM)	3.9	3.7	3.8	3.6	3.2	4.4	2.0	1.6	3.3

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

		1-month	3-month	6-month	12-month
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
	Dec-22	4.3916	4.7673	5.1389	5.4821
	Mar-23	4.8577	5.1927	5.3130	5.3053

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

		EURO-ZONE	UNITED STATES			UNITED KINGDOM
		Repo rate	Fed Funds Rate	Discount Rate	Prime Rate	Repo rate
FY12/13	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
	Dec-22	2.50	4.25-4.50	4.50	7.50	3.50
	Mar-23	3.50	4.75-5.00	5.00	8.00	4.25

15: INTERNATIONAL EXCHANGE RATES

		Sterling vs. US$	Canadian $ vs. US$	Yen vs. US$	Euro vs. US$
FY12/13	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
	Dec-22	0.8276	1.3554	131.1132	0.9341
	Mar-23	0.8106	1.3517	132.8551	0.9226

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	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
	Dec-22	88.37	82.59	366.17	487.94
	Mar-23	81.44	76.18	343.04	484.00

*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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