2023

BANK OF JAMAICA

Quarterly Monetary Policy Report

August 2023 • Volume 24 • Number 1

ⓒ 2023 Bank of Jamaica
Nethersole Place
Kingston
Jamaica

Telephone: (876) 922 0750-9
Fax: (876) 967 4265
Email: library@boj.org.jm
Website: www.boj.org.jm
Twitter: @CentralBankJA
YouTube:@CentralBankJamaica
Facebook: www.facebook.com/CentralBankJA

ISSN 0799 1037

Printed in Jamaica

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 three-year period 2021 to 2024. 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 MPC's recent policy decisions and outlines the Bank's projections for inflation in Jamaica and the main macroeconomic variables that affect it. The Monetary Policy Report is prepared and published once every three months and coincides with four of the Bank's monetary policy announcements.

This page was intentionally left blank

Overview

Annual inflation at June 2023 was 6.3 per cent, which was above the 6.1 per cent at May 2023 but much lower than the peak rate of 11.8 per cent recorded at April 2022. The acceleration in inflation at June 2023 over the previous month mainly reflected the first-round effect of an adjustment in the national minimum wage as well as higher agricultural food prices. The measure of core inflation, which excludes food and fuel prices, accelerated to 5.3 per cent at June 2023, relative to 4.2 per cent in May 2023 but decelerated relative to the 8.4 per cent recorded at April 2022. Annual inflation is projected to decelerate to within the range of 5.0 to 6.0 per cent over the next eight quarters, primarily reflecting a decline in imported prices (particularly grains and freight), and the Bank's tight monetary policy stance.

The Jamaican economy is estimated to have recorded growth of 1.0 per cent to 3.0 per cent for the June 2023 quarter. This estimated growth was slower relative to the expansion of 4.2 per cent recorded for the March 2023 quarter. There was estimated growth in all industries for the review quarter, with the exception of Agriculture, Forestry & Fishing, Construction and Producers of Government Services. For FY2023/24, real GDP growth is projected to moderate within the range of 1.0 to 3.0 per cent from 4.7 per cent for FY2022/23. The risks to the growth forecast are assessed to be skewed to the downside, meaning that growth could be lower than projected.

The current account of the balance of payments is estimated to have recorded a surplus of 0.5 to 1.5 per cent of GDP for the June 2023 quarter, higher (better) than the outturn for the June 2022 quarter. The improvement is primarily reflected in the trade and services sub-accounts, partially offset by a deterioration on the current transfers sub-account. Of note, the current account is estimated to have recorded a surplus of 1.7 per cent of GDP for FY2022/23, higher (better) than the deficit of 0.7 per cent of GDP in FY2021/22.

The Bank anticipates that the current account will deteriorate to a deficit in the range of 0.0 to 1.5 per cent of GDP for FY2023/24 and FY2024/25 and average between 0.3 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-June 2023, the level of Jamaica's gross international reserves was US$4.8 billion, representing 118 per cent of the Assessing Reserve Adequacy metric for FY2023/24.

For the June 2023 quarter, the Jamaican dollar depreciated by 2.0 per cent relative to June 2022. Demand pressures during the quarter were attenuated by Bank of Jamaica's Foreign Exchange Intervention & Trading Tool (B-FXITT) sales amounting to US$285.3 million. These sales were higher than the US$60.0 million sold to the market during the corresponding period of 2022.

The annual growth in broad money (excluding foreign currency) at May 2023 was 12.0 per cent, slightly below the growth of 13.8 per cent at March 2023. The expansion in broad money at May 2023 reflected growth of 6.9 per cent in local transferable currency deposits and 10.1 per cent in currency in circulation. Private sector credit grew by 11.9 per cent at May 2023, in line with the growth of 11.8 per cent at March 2023.

The financial system continued to be resilient. DTIs' risk-weighted Capital Adequacy Ratio (CAR) at end-May 2023 was 14.2 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-May 2023. The quality of the DTIs' loan portfolio remained fairly stable with a ratio of non-performing loans (NPLs) to gross loans at May 2023 of 2.6 per cent, slightly below the 2.8 per cent recorded a year earlier.

On 29 June 2023, the Monetary Policy Committee unanimously agreed to maintain: (i) the policy interest rate (the rate offered to deposit-taking institutions (DTIs) on overnight placements with Bank of Jamaica) at 7.0 per cent, (ii) tight Jamaican dollar liquidity conditions and (iii) relative stability in the foreign exchange market. The Bank's decisions were based on the view that recent developments, including significantly reduced inflation over the past several months were generally positive, but risks to the inflation outlook remained. The Bank also noted a relatively strong, lagged pass-through of its policy rate to interest rates in the domestic money and capital markets and in term rates offered on deposits by DTIs. The DTI sector also continued to make small adjustments to rates on saving deposits and loans, including mortgages.

Consistent with global consensus forecasts for a further fall in certain commodity prices as well as the Bank's overall monetary policy stance, inflation is forecasted to generally decelerate to the Bank's target range of 4.0 to 6.0 per cent by the December 2023 quarter and, with the exception of a few months in 2024, remain there. However, higher agricultural prices, higher education costs and wage pressures are expected to result in a continued uptick in inflation above the target range during the September 2023 quarter. The Bank will continue to closely monitor the global and domestic economic environments for risks to Jamaica's inflation rate and act accordingly.

Contents

ABBREVIATIONS & ACRONYMS

ARA	Assessing Reserve Adequacy
B-FXITT	Bank of Jamaica's Foreign Exchange Intervention & Trading Tool
BOJ	Bank of Jamaica
BOP	Balance of Payments
bps	Basis points
CAD	Current Account Deficit
CBO	Congressional Budget Office
CDs	Certificates of Deposit
CPI	Consumer Price Index
CPI-FF	Consumer Price Index without Food and Fuel
CY	Calendar Year
DTIs	Deposit-taking Institutions
EMBI+	JP Morgan Emerging Market Bond Index
e.o.p	End of Period
EFR	Excess Funds Rate
Fed	US Federal Reserve System
FTSE	Financial Times Stock Exchange
FY	Fiscal Year
GDP	Gross Domestic Product
GOJ	Government of Jamaica
GOJGBs	Government of Jamaica Global Bonds
HWEG	Housing, Water, Electricity Gas & Other Fuels
IES	Inflation Expectations Survey
IMF	International Monetary Fund
JMD	Jamaican Dollar
JSE	Jamaica Stock Exchange
M2J	Broad money supply
M2+	Broad money supply that includes foreign currency deposits
MCI	Monetary Conditions Index
NDA	Net Domestic Assets
NIR	Net International Reserve
NOP	Net Open Position
o/w	Of which
O/N	Overnight
OMO	Open Market Operations

PMMR	Private Money Market Rates
PSE	Public Sector Entities
QoQ	Quarter over Quarter
REER	Real Effective Exchange Rate
S&P	Standard & Poor's
SBA	Stand-by Agreement
SCT	Special Consumption Tax
SLF	Standing Liquidity Facility
T-Bill	Treasury Bill
TP	Trading Partners
UR	Unemployment Rate
US	United States
USD	US dollar
WASR	Weighted Average Selling Rate
WTI	West Texas Intermediate

1.0 Inflation

The annual point-to-point inflation rate at June 2023 was 6.3 per cent, which was higher than the outturn of 6.1 per cent at May 2023 and remained above the upper limit of the Bank's inflation target range of 4.0 per cent to 6.0 per cent. The acceleration in inflation relative to May 2023 mainly reflected the first-round effect of the adjustment in the national minimum wage and higher agricultural food price inflation.

Inflation is forecasted to generally decelerate from its level at June 2023 to the Bank's target range of 4.0 to 6.0 per cent by the December 2023 quarter and, with the exception of a few months in 2024, remain there over the medium term. This outlook for inflation over the next eight quarters reflects a decline in imported prices (particularly grains and freight) and moderating inflation expectations, supported by the Bank's monetary policy stance. However, inflation is projected to accelerate for the September 2023 quarter, driven by higher agricultural prices, higher education costs and wage pressures.

The average inflation rate over the next eight quarters (September 2023 to June 2025) is projected between 5.0 and 6.0 per cent, lower than the average inflation rate of 8.6 per cent over the past two years.

When compared with the previous forecast, the projected average inflation rate is lower. This downward revision mainly reflects a downward adjustment to energy and transport inflation as a result of relatively lower energy prices and a less depreciated exchange rate. This is partly offset by upward revisions to food and services inflation, primarily due to more adverse weather, and an upward revision to grains prices.

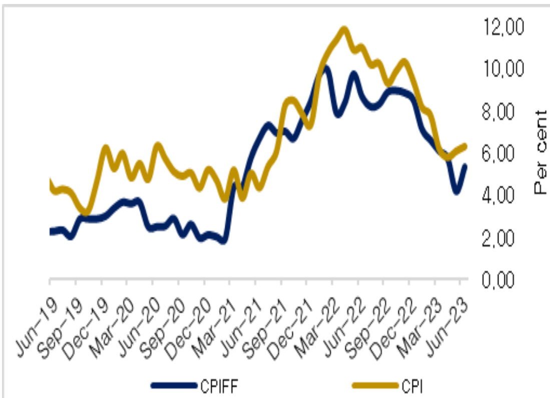
Inflation could, however, rise above the projected path. Higher-than-projected future wage adjustments in the context of the tight domestic labour market, second round effects from the agricultural price inflation, a worsening in supply chain conditions and an elevation of world oil prices could put further upward pressure on inflation. Downside risks to this outlook include weaker-than-expected global growth, which could reduce domestic demand, and the non-materialisation of some projected adjustments to regulated prices.

Recent Developments and Near-term Outlook

The annual point-to-point inflation rate at June 2023 was 6.3 per cent, which was higher than the outturn of 6.1 per cent at May 2023 and remained above the upper limit of the Bank's inflation target range of 4.0 per cent to 6.0 per cent. The acceleration in inflation relative to May 2023 mainly reflected the first-round effect of the adjustment in the National Minimum Wage and higher agricultural food price inflation.

Core inflation (the measure that excludes food and fuel/energy prices from the CPI – CPIFF)) accelerated to 5.3 per cent at June 2023, relative to 4.2 per cent at May 2023 (see **Figure 1**). The acceleration mainly reflected the lagged second round impact of wage increases, partly offset by moderating inflation expectations and contractionary monetary and fiscal policy.[1]

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



Source: STATIN & BOJ

Inflation Outlook

Headline inflation is projected to average 5.0 to 6.0 per cent over the next eight quarters. This reflects a reduction relative to the average inflation rate of 8.6 per cent over the past two years. Inflation is forecasted to generally decelerate to the Bank's target range of 4.0 to 6.0 per cent by the December 2023 quarter and, with the exception of a few months in 2024, remain there. The deceleration in inflation over the forecast period primarily reflects a decline in imported prices (particularly grains and freight), and moderating inflation expectations, supported by the Bank's monetary and foreign exchange market stance. However, Inflation is projected to continue to accelerate for the September 2023 quarter, driven by higher agricultural prices, higher education costs and wage pressures.[2]

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 falling commodity prices. In the June 2023 inflation expectations survey, respondents lowered their expectations for inflation 12 months ahead to 8.3 per cent from 9.6 per cent previously (see Box 1).

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

(iii) Oil prices are projected to increase over the forecast period resulting from production cuts by OPEC and increased demand for cooling due to the El Niño weather pattern. Oil prices are projected to average US$81.90 per barrel (average Quarter over Quarter (QoQ) rate of 1.4 per cent) for the next eight quarters, compared to an average of US$82.30 per barrel in the previous projection (average QoQ rate of –0.3 per cent).

(iv) Over the period FY2024/25 to FY2027/28, oil prices are projected to average US$78.11 per barrel, an average decline of 1.8 per cent, just above the average of US$75.18 per barrel at the previous forecast (see International Economy).

(v) The average price of grains is projected to decline at an average quarter over quarter rate of 1.4 per cent over the next eight quarters (September 2023 to June 2025). This compares to the previous forecast of an average quarter over quarter decline of 2.2 per cent (see International Economy).

(vi) Freight charges have fallen to pre–pandemic levels and are projected to

[1] There have been increases in Services–related inflation, reflecting higher inflation for mobile voice and data rates, restaurant services, rentals, education and recreation and culture (books and stationery items).

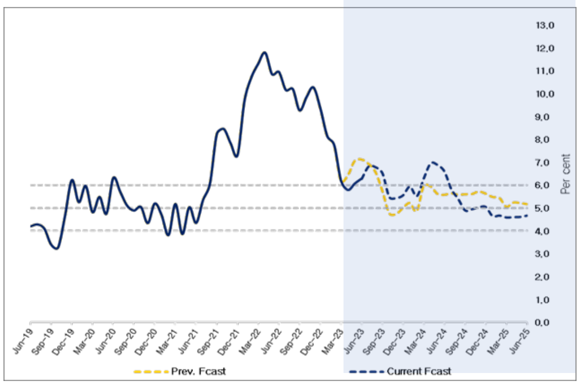
[2] There was an increase in meals consumed away from home which reflected the lagged effects of increased wages. Agricultural price inflation is projected to increase above seasonal averages for July and August 2023 based on drought conditions and high temperatures from El Nino.

remain at these levels over the forecast period.

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

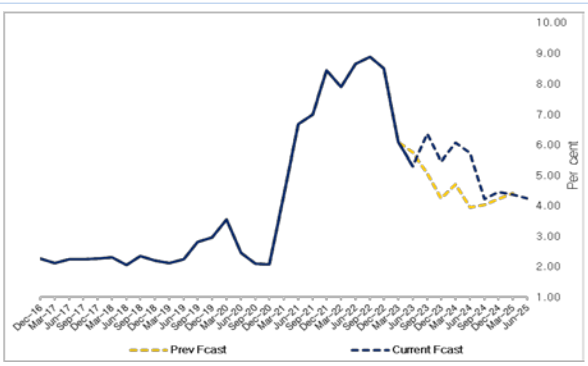
(viii) US inflation is forecasted to average 2.4 per cent over the next eight quarters, higher than the previous forecast of 2.3 per cent (see International Economy).

Figure 2: Monthly Comparative Headline Inflation Forecasts



Source: Bank of Jamaica

Figure 3: Comparative Core Inflation Forecasts

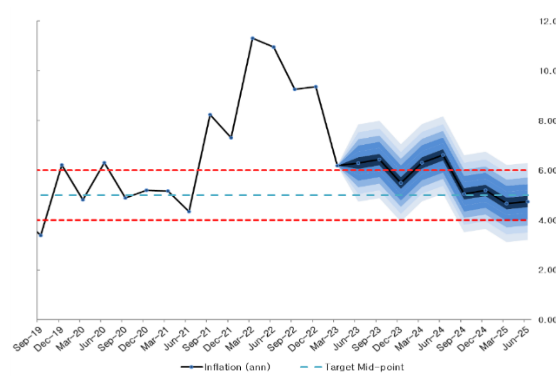


Source: Bank of Jamaica

Inflation Risks

Inflation could rise above the projected path (see Figure 4). Higher-than-projected future wage adjustments in the context of the tight domestic labour market, second-round effects from the agricultural price inflation, a worsening in supply chain conditions and an elevation of world oil prices could put further upward pressure on inflation. Downside risks to this outlook include weaker-than-expected global growth, which could reduce domestic demand, and the non-materialisation of some projected adjustments to regulated prices.

Figure 4: Inflation Fan Chart



Source: Bank of Jamaica

Box 1: Businesses' Inflation Expectations Survey – June 2023

Overview

The Bank's Survey of Businesses' Inflation Expectations (IES) at June 2023 indicated that the one-year ahead inflation expectations of 8.4 per cent continued to be higher than the Bank's inflation target of 4.0 to 6.0 percent.[3] However, the result represented the continuation of a decline in inflation expectations. Businesses perception of inflation control also improved relative to the previous survey. However, the majority of respondents continued to be unaware of BOJ's inflation target as well as the most recent point-to-point inflation rate.

Inflation Expectations

In the June 2023 survey, respondents' expectation of inflation 12 months ahead declined to 8.4 per cent (the lowest since November 2021), down from the previous level of 9.6 per cent. Furthermore, businesses forecasted an annual point to point inflation rate for calendar year 2023 (December 2023) of 8.2 per cent, which is **higher** than the annual point to point rate of 6.3 per cent at June 2023 (see **Figure 1**).

Perception of Inflation Control

The index of businesses perception of inflation control was higher when compared to the April 2023 survey (see **Figure 2**). This reflected an increase in the number of respondents who were "satisfied" with how inflation was being controlled.

Exchange Rate Expectations

In the June 2023 survey, respondents forecasted the exchange rate to depreciate over all three-time horizons but at a slightly faster pace for the 12-month ahead forecast relative to the previous survey (see **Table 1**).

Interest Rate Expectations

The majority of respondents forecasted the Bank's policy rate, three months ahead, to remain the same. The proportion of respondents who were 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 8.3 per cent, the same as the April 2023 survey.

Table 1: Exchange Rate Expectations

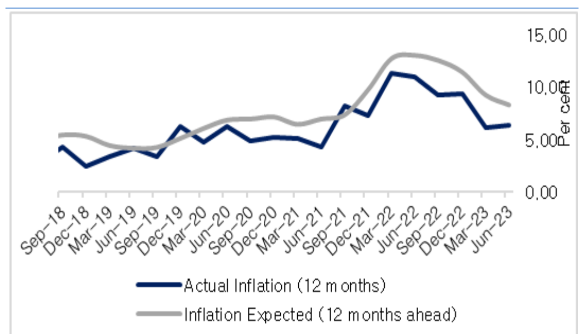
Question: In April 2023, the exchange rate for the Jamaican Dollar (JA$) in respect of the United States Dollar (US$) was $153.38. What do you think the rate will be for the following periods?

	Forecasted Depreciation (+) /Appreciation (-)			
Periods Ahead	Jan-23	Mar-23	Apr-23	Jun-23
3-Months	0.4	0.6	0.8	0.9
6-Months	1.0	1.0	1.3	1.4
12- Months	1.6	1.1	1.6	1.6

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

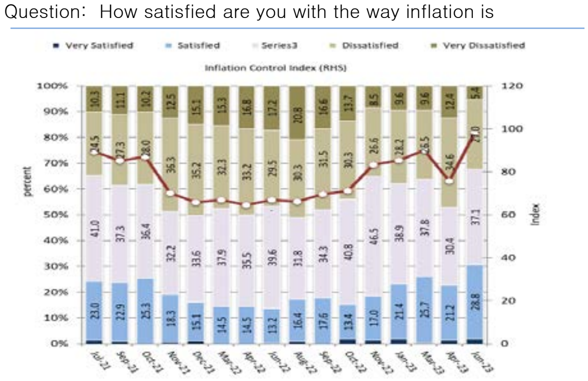
Question: If you expect inflation, what do you expect the rate of inflation to be at December 2022 and over the next 12 months?



Source: Businesses' Inflation Expectations Survey

Figure 2: Perception of Inflation Control

Question: How satisfied are you with the way inflation is



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

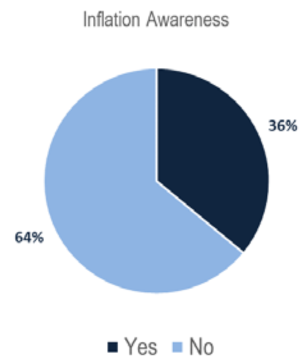
[3] The survey was conducted during 15 May to 16 June 2023.

Inflation Target Awareness

The majority of respondents (64 per cent) were not aware of BOJ's inflation target as well as the most recent point-to-point inflation rate. In particular, most respondents indicated that they weren't aware of the point-to-point inflation rate at April 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 between 2.5 and 3.5 per cent for the June 2023 quarter, above the estimated expansion for the March 2023 quarter and above the previous forecast. Global growth is projected to slow between 2.0 and 3.0 per cent for 2023 and 2024. The projected slowdown for 2023 largely stems from the lagged effects of monetary policy tightening among the major economies. Relative to the previous forecast, the outlook reflects higher growth for 2023, but marginally lower growth for 2024.

The US economy is projected to grow by 1.0 to 2.0 per cent in 2023 and 0.0 to 1.0 per cent in 2024. This growth outlook is above the previous projection but below the growth of 2.1 per cent for 2022.

The US Federal Reserve (Fed) increased its policy rate in July 2023. Bank of Jamaica anticipates that the Fed will maintain rates for the remainder of 2023 and into 2024. Over the next eight quarters, nominal interest rates in the US are however projected to begin approaching the long-run neutral level of 2.5 per cent. In this context, yields on Jamaica's sovereign bonds and US 90-day Treasury bill rates are projected to remain relatively stable through to December 2023 and decline thereafter.

Grains prices are projected to decline over the next eight quarters following a temporary uptick over the second half of 2023. Oil prices are projected to decline by 12.1 per cent in FY2023/24 relative to the previous fiscal year and increase by 5.1 per cent in FY2024/25 to average US$78.86 per barrel and US$82.91for the respective fiscal years. The risks to the forecast for commodity prices are assessed as balanced.

Trends in the Global Economy

The global economy is estimated to have expanded by 2.5 to 3.5 per cent for the June 2023 quarter, above the estimated expansion of 2.5 per cent in the March 2023 quarter and above the previous forecast of 1.0 to 3.0 per cent. The estimated higher growth for the June 2023 quarter, relative to the previous projection, is reflected in the outlook for a number of major economies.

The Bureau of Economic Analysis' (BEA's) advance estimate indicates that US GDP for the June 2023 quarter increased on an annualized basis by 2.4 per cent, following an expansion of 2.0 per cent for the March 2023 quarter.[1] This growth was also above the 0.7 per cent anticipated by the Bank. The increase in real GDP for the June quarter primarily reflected increases in consumer spending and investment, despite the dual headwinds of rising interest rates and high inflation.[2]

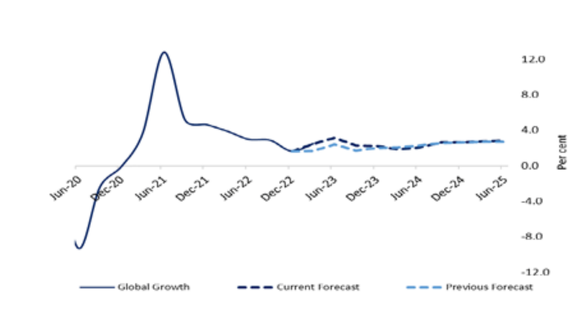
Global growth is projected to average between 2.0 and 3.0 per cent per quarter over the next eight quarters (September 2023 to June 2025), marginally above the previous projection (see **Figure 5**). Global growth is therefore projected to slow to 2.0 to 3.0 per

[1] The rise in real GDP reflected increases in consumer spending, non-residential fixed investment, state, local and federal government spending and private inventory investment. This was partly offset by declines in exports and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased.

[2] Consumer spending accounted for 68 per cent of all economic activity during the quarter. The increase in consumer spending reflected an expansion in both the goods and services sub-components. Further, the increase in investment was supported by fixed investment, in particular, non-residential fixed investment.

cent for 2023 and 2024 from 2.8 per cent in 2022. The projected slowdown for 2023 largely reflects the lagged impact of previous monetary policy tightening. The forecast for 2024 and beyond reflects the impact of projected monetary policy easing.

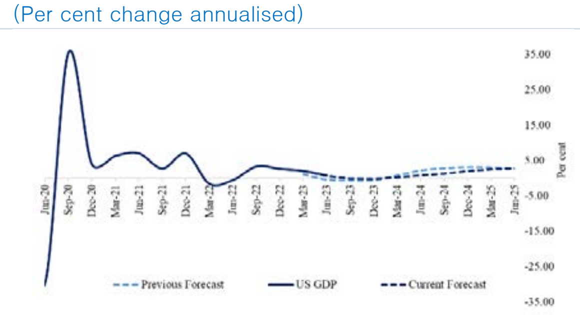
Figure 5: Global Growth Projection*
(Per cent year-over-year change)



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

The Bank projects US GDP growth to moderate for 2023 to 1.0 to 2.0 per cent from 2.1 per cent in 2022, slower than the growth in potential GDP. This slowdown reflects the impact of tight monetary conditions on demand. The projected growth for 2023 is, however, higher than previously projected (see Figure 6). On a quarterly annualized basis, the forecast assumes no growth in the September 2023 quarter and a mild contraction in the December 2023 quarter, as the lagged impact of higher interest rates feed through to the economy. Annual growth in economic activity for 2024 will moderate further to 0.5 per cent, which is lower than previously projected.

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



Source: BOJ, CBO

Risks

The risks to global growth are assessed as balanced. An escalation of geopolitical tensions could cause new trade disruptions, putting downward pressures on growth. Downward pressures could also emanate from the effect of tight monetary policies being stronger than anticipated. Climate change also poses significant downside risks to the global economy. However, the impact of the aforementioned factors could be offset by the potential for stronger demand conditions than anticipated amid resilience in a number of major economies.

Labour Market

The unemployment rate in the US at June 2023 was 3.6 per cent, below the outturn for May 2023 of 3.7 per cent but above the rate that obtained at March 2023.[3] This rate was in line with the Bank's projection but below the Fed'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.[4]

[3] The unemployment rate of 3.6 per cent in June 2023 was broadly in line with February 2020 (pre-pandemic) levels.

[4] The unemployment rate is projected to end FY2023/24 at 4.3 per cent, 0.8 percentage point above the rate at end-FY2022/23, and end FY2024/25 at 5.4 per cent.

Box 2: Economic Growth in Selected Economies

China

The Chinese economy is estimated to have expanded by 7.4 per cent for the June 2023 quarter compared to a year ago. This was an acceleration relative to the growth of 4.5 per cent in the March 2023 quarter. The growth for the June 2023 quarter reflected an increase in consumption amid the Chinese central bank reducing its policy rate.

GDP growth in China is projected to range between 4.4 per cent to 5.4 per cent over the next eight quarters.[5] This is a downward revision relative to the previous projection.

Japan

The Japanese economy is estimated to have expanded by 1.1 per cent for the June 2023 quarter, following an expansion of 2.7 per cent in the March 2023 quarter. The growth for the June 2023 quarter was mainly due to continued recovery in demand driven by the reopening of the services sector, and a weaker Yen.

For the next eight quarters, GDP growth in Japan is projected in the range of 0.8 per cent to 1.2 per cent, in line with the previous projection.

Canada

The Canadian economy is estimated to have expanded by 0.9 per cent for the June 2023 quarter, following an expansion of 3.1 per cent for the March 2023 quarter. The deceleration in growth for the June 2023 quarter was mainly attributable to the impact of monetary policy tightening.

For the next eight quarters, GDP growth in Canada is projected in the range of -0.1 per cent to 2.0 per cent.

Euro Area

The economy of the Euro Area is estimated to have expanded by 0.4 for the June 2023 quarter following a contraction of 0.4 per cent for the previous quarter. The expansion in the June 2023 quarter was as a result of lower energy prices, abating supply constraints, improved business confidence and a strong labour market.

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 remained unchanged for the June 2023 quarter relative to growth of 0.6 per cent in the March 2023 quarter. There was an improvement in investors' sentiment, particularly in the services sector. However, high interest rates and weak industrial production continue to negatively affect growth.

Growth in the UK economy over the next eight quarters is projected in the range of 0.4 per cent to 1.6 per cent.

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

Monetary Policy

On 26 July 2023, the Federal Open Market Committee (FOMC) increased its target range for the US Fed Funds rate to 5.25 per cent – 5.50 per cent.[6] This was above the Bank's projections at May for the Fed funds rate to remain in the range of 5.00 per cent to 5.25 per cent. The forecast assumes that, as inflation expectations remain anchored, as core inflation moderates somewhat and as the projected rise in the unemployment rate begins to slow wage growth, the Fed will begin to reduce interest rates. Over the next eight quarters, nominal interest rates in the US is projected to begin to approach the long run neutral level of 2.5 per cent.

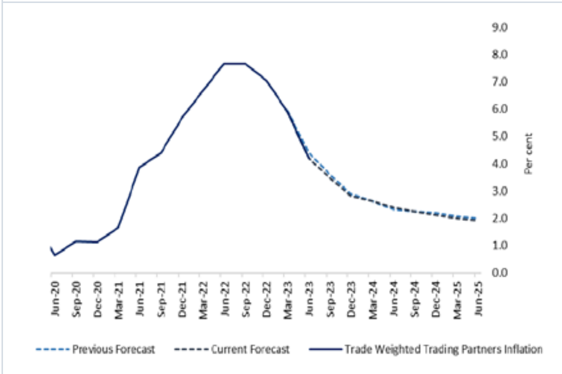
.

Trading Partners' Inflation

The weighted average of 12-month inflation rates for Jamaica's trading partners' (TPs) at June 2023 is estimated at 3.6 per cent. This represents a moderation relative to 4.2 per cent at May 2023 and is below the Bank's previous forecast of 3.8 per cent. For the US, annual CPI inflation at June 2023 was 3.0 per cent, below the Bank's previous forecast of 3.4 per cent.[7, 8] The change in the personal consumption expenditures (PCE) price index decelerated to 3.0 per cent on a year-on-year basis at June 2023 from 3.8 per cent at May 2023.[9]

Over the next eight quarters, the Bank projects the inflation rate of Jamaica's main trading partners (TP) to average 2.4 per cent, marginally below the previous forecast of 2.5 per cent (see **Figure 7**).[10] The forecast maintains the assumption of a moderation in TP inflation for the ensuing eight quarters. Slowing demand, the lagged effects of monetary policy tightening and a moderation in wage growth will support the slowdown in inflation. However, upward pressures for TP inflation should emanate from the impact of major central banks reducing rates in 2024. Of note, US inflation is projected to average 2.4 per cent over the ensuing eight quarters, marginally above the previous forecast of 2.3 per cent (see **Figure 8**).[11]

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



Source: Bloomberg

[6] The updated policy guidance at the July 2023 meeting continues to highlight that officials will consider "the extent of additional policy firming that may be appropriate". The Fed chair also maintains the view that the decision on future monetary policy will be data dependent.

[7] The annual rate of 3.0 per cent for June 2023 reflected a moderation relative to 4.0 per cent in the previous month. The index for all items less food and energy rose 4.8 per cent over the last 12 months, below the 5.3 per cent recorded in May. The food index increased by 5.7 per cent per cent while the energy index declined by 16.7 per cent over the last 12 months.

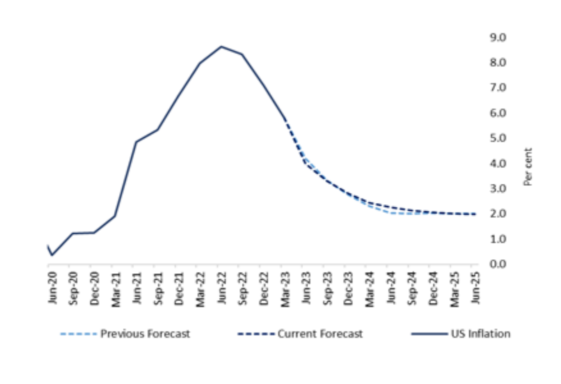
[8] For the June outturn, the shelter index was the largest contributor to the monthly all items increase, accounting for over 70.0 per cent of the increase. Other notable increases occurred in motor vehicle insurance. The Fed has expressed concerns about core services inflation excluding housing services, which accounts for more than half of core consumption expenditures and has remained elevated over the past year. This sector is relatively labour intensive, suggesting a tight labour market may be contributing to inflationary pressures. Despite a slowing in the increase of housing costs, core inflation has still not shown much improvement and remains elevated.

[9]On a monthly basis, headline PCE inflation increased by 0.2 per cent, marginally above the previous month of 0.1 per cent (3.0 per cent on an annual basis in June, which compares to 3.8 per cent in May), while core PCE inflation also increased by 0.2 per, albeit marginally below the previous month's growth of 0.3 per cent (4.1 per cent on an annual basis in June, which compares to 4.6 per cent in May).

[10] The inflation rate of Jamaica's main trading partners (TP inflation) for FY2023/24 on average is projected at 3.3 per cent, marginally below the previous forecast of 3.4 per cent. TP inflation for FY2024/25 on average is projected at 2.2 per cent.

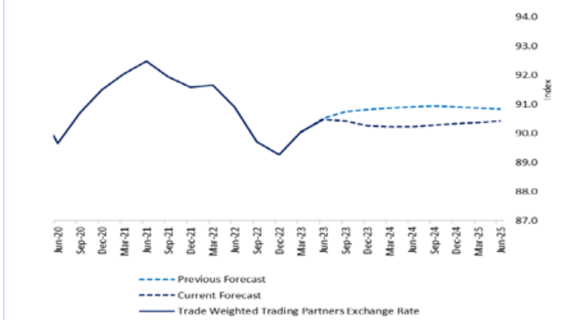
[11] The upward revision to US inflation reflects expectations for higher commodity prices as well as expectations that the US output gap will be less negative until early 2024 than previously anticipated.

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



Source: Bloomberg

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

Trends in Trading Partners' Exchange Rates

During the June 2023 quarter, TP currencies generally appreciated against the US dollar, relative to the March 2023 quarter.[12] The weaker US dollar was supported by (i) improved risk appetite as equities markets have risen further since the uncertainties relating to the US debt ceiling was brought to an end in early June 2023 and (ii) the Fed's decision to pause rate hikes in June 2023 while other major central banks continued to raise rates.

Bank of Jamaica projects that, over the next eight quarters (September 2023 to June 2025), the currencies of Jamaica's major trading partners will remain unchanged, on average, against the US dollar (see **Figure 9**).[13] The Bank projects that the US dollar will appreciate in 2023, amid relatively tight monetary conditions in the US and a further slowdown in growth in other advanced economies. However, for 2024, risk appetites will improve as the Fed begins reducing interest rates.

Commodity Prices

The daily average of West Texas Intermediate crude oil prices for the June 2023 quarter declined by 3.1 per cent, compared to the March 2023 quarter.[14] Relative to the June 2022 quarter, crude oil prices declined by 32.0 per cent. The decline in crude oil prices for the quarter mainly emanated from investors' concerns about (i) an economic slowdown and its potential impact on demand, (ii) weak economic data from China (iii) rising crude production in Iran, and (iv) continued tightening of monetary policy by major economies.

The price of US Liquid Natural Gas (LNG) also declined by 16.2 per cent for the June 2023 quarter, relative to the March 2023 quarter. LNG prices were negatively impacted by (i) a report from the Energy Information Administration (EIA) of a higher-than-projected increase in US inventories in April 2023, (ii) reports of record output from drillers in the US and (iii) a decline in the amount of gas flowing to US LNG export plants due to maintenance outages. Upward price pressures also emanated from increased cooling demand resulting from extreme temperatures in parts of the US.

[12] There was an average appreciation of 0.5 per cent in the exchange rate of Jamaica's trading partners vis-à-vis the USD for the June 2023 quarter, following an average appreciation of 0.9 per cent in the March 2023 quarter. On a monthly basis, the currencies of Jamaica's major trading partners, on average, appreciated by 0.5 per cent in April 2023, depreciated by 0.1 per cent in May 2023, then appreciated by 0.2 per cent in June 2023. The appreciation was consistent with the previous forecast.

[13] Currencies of Jamaica's main trading partners are expected to remain unchanged against the US dollar.

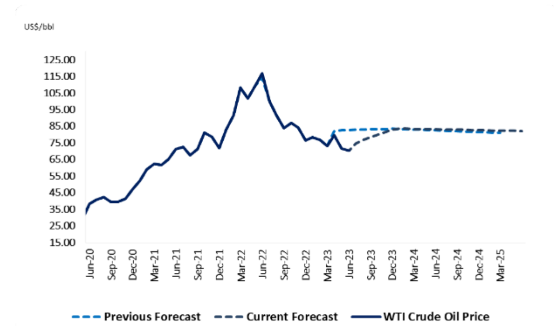
[14] In the previous projection, the Bank expected the daily average of West Texas Intermediate crude oil prices for the June 2023 quarter to increase by 8.3 per cent, relative to the March 2023 quarter.

Average grains prices for the June 2023 quarter declined by 6.5 per cent, relative to the March 2023 quarter (a decline of 21.9 per cent on an annual basis).[15] The reduction over the quarter was associated with lower prices for corn (6.5 per cent decline for the quarter, 19.7 per cent decline on an annual basis), soybean (5.5 per cent decline for the quarter, 17.4 per cent decline on an annual basis) and wheat (8.4 per cent decline for the quarter, 30.7 per cent decline on an annual basis). The decline in average grains prices was supported by (i) reports at the beginning of the period that the Russia-Ukraine Black Sea grains initiative was extended by 60 days, (ii) beneficial rain in the US Midwest and Southern Plains, (iii) strong supplies from Brazil – the world's top soybean supplier, (iv) increased concerns about weakening global demand, and (v) a report from the US Department of Agriculture (USDA) revealing a significant upward revision to their 2023 estimated planted area for corn. However, upward price pressures later in the review period emanated from concerns about the prospects of renewal of the Black Sea Grains initiative, following reports that Russia intends to abandon the agreement.[16]

Aluminium prices declined by 6.1 per cent for the June 2023 quarter, relative to the March 2023 quarter (a decline of 21.5 per cent on an annual basis).[17] The decline was influenced by (i) a report from the International Aluminium Institute (IAI) of an increase of 2.0 per cent (year-on-year) in global production for the March 2023 quarter, (ii) reports of increased Chinese production, (iii) concerns about a slowdown in growth and (iv) weak global demand.

Crude oil prices are projected to average US$81.90 per barrel for the next eight quarters compared to an average of US$82.30 per barrel in the previous projection. The forecast trajectory reflects an average quarter-over-quarter increase of 1.4 per cent (see **Figure 10**). The projected increase in prices reflects production cuts by OPEC+ from May 2023 to end-2024, coupled with Saudi Arabia's decision to reduce crude output by 1.0 million barrel per day in July 2023 and increased demand due to the El Niño weather pattern.

Figure 10: Trend in Average WTI Crude Oil Prices



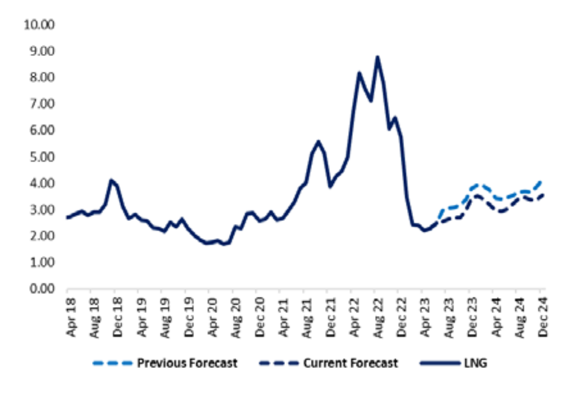
Sources: Bloomberg, BOJ

For the September 2023 and December 2023 quarters, crude oil prices are projected to average US$76.60 per barrel (3.7 per cent increase for the period) and US$81.51 per barrel (6.5 per cent increase), respectively. The projected increase in prices is underpinned by expectations for a decline in Saudi Arabia's crude production.

For US LNG, prices are projected to gradually increase over the September 2023 to June 2025 quarters, amid stronger export demand (see **Figure 11**). Further, rising natural gas use in the electric power sector and declining production growth are projected to put upward pressure on prices in the September 2023 quarter. For 2023, the price of LNG is projected to decline by 58.7 per cent relative to 2022, to average US$2.69 per million British thermal units (MMBtu). Prices are projected to increase by 22.2 per cent to an average of US$3.29 per MMBtu in 2024.

[15] The Bank previously projected a decline of 3.5 per cent for the June 2023 quarter, relative to the March 2023 quarter.
[16] Russia eventually decided not to extend the deal in July 2023.
[17] The Bank projected a decline of 4.5 per cent for the June 2023 quarter, relative to the March 2023 quarter.

Figure 11: Trend in Average LNG Prices



Sources: Bloomberg, BOJ

The average price of grains is projected to decline at a quarter over quarter rate of 1.4 per cent over the next eight quarters (September 2023 to June 2025).[18] The projected decline takes into account (i) a projected increase in global production in 2024[19] and (ii) the impact on demand of tight monetary policy. Upward price pressures are projected over the September 2023 and December 2023 quarters, representing the impact of (i) increased dryness in key growing areas due to the El Niño weather pattern, (ii) stronger demand from China and (iii) increased energy prices. The average price of grains over the September 2023 and December 2023 quarters is projected to increase by 1.2 per cent and 2.1 per cent, respectively (see Figure 12).

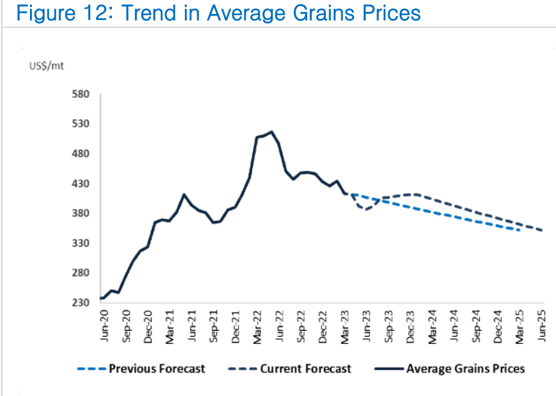
The price of aluminium is projected to increase at an average quarter over quarter rate of 1.4 per cent over the next eight quarters (September 2023 to June 2025) (see Figure 13). This projected increase reflects (i) lower production in Europe, (ii) increased Chinese demand, (iii) Fed rate cuts in 2024 and (iv) higher production cost stemming from energy prices. Notwithstanding, aluminium prices are lower relative to the previous forecast amid weak global demand for aluminium and higher production from China. The risks to the forecast for aluminium prices are assessed as balanced.

The **risks** to the forecast for oil prices over the next eight quarters are also assessed as balanced. Downside risks include the possibility that rate hikes from major central banks could have a stronger–than–anticipated impact on demand. Upside risks may emanate from further output cuts by OPEC+ Saudi Arabia, and larger than anticipated increase in China's oil consumption, coupled with heightened geopolitical tensions.

The risks to the forecast for LNG prices over the next eight quarters are also balanced. Higher than anticipated demand for electric power generation could cause an increase in prices. However, commissioning of new sources of renewable electricity generation in the US throughout 2023 and 2024 could contribute to further downward pressure on prices.

Grains prices should track broadly in line with the forecast. Upside risks to the forecast include stronger than anticipated weather conditions and demand from China. However, a renewal of the Black Sea grains initiative between Russia and Ukraine poses a downside risk to commodity prices.

Figure 12: Trend in Average Grains Prices

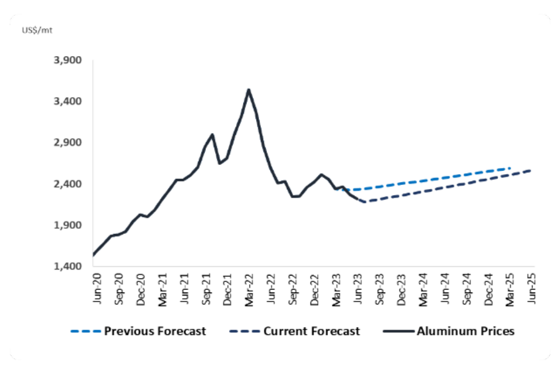


Sources: Bloomberg, BOJ

[18] The previous forecast assumed an average quarter over quarter decline of 2.0 per cent over the September 2023 to June 2025 quarter.

[19] According to the USDA's July 2023 feed, oil crops, and wheat outlook reports, grains production in the USA, Canada, and Australia is expected to increase in 2024.

Figure 13: Trend in Average Aluminium Prices

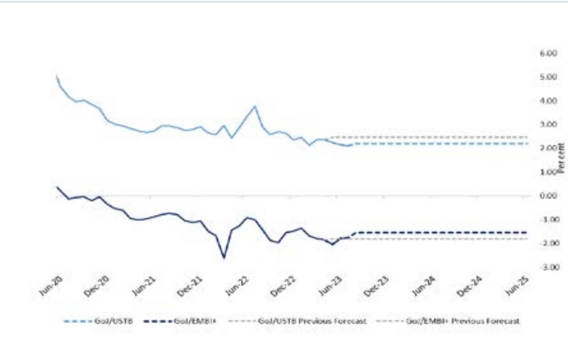


Sources: Bloomberg, BOJ

External Financial Markets

GOJ's sovereign bond spreads improved over the June 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 7 bps, when compared to the same measure for the March 2023 quarter, to 226 pps.[20] The spread had been projected to increase by 11 bps (see **Figure 14**). [21]

Figure 14: Average International Bond Spreads
(Per cent)



Source: Bloomberg,

There was a decline of 8 bps in the average yields on GOJGBs, while the EMBI+ increased by 21 bps and the yield on US treasuries remained unchanged (see **Figure 15**).[22]

Figure 15: Average International Bond Yields
(Per cent)

Source: Bloomberg,

Over the near term, US nominal interest rates are projected to normalise to the long run neutral level of 2.5 per cent. In 2024 and 2025, rates are projected to fall as monetary policy in the US loosens.

Jamaica's sovereign bond yields are projected to remain relatively stable through to the December 2023 quarter, however, bonds are projected to decline beginning early 2024. The projected outlook for GOJ bond yields is due to the Bank's forecast that the Fed will begin to reduce rates in the March 2024 quarter.

Global Stock Market

The performances of selected global stock market indices during the June 2023 quarter were mixed. Relative to the March 2023 quarter, the Dow Jones Industrial Average (DJIA), S&P 500 and FTSEuroFirst increased by 3.4 per cent, 8.3 per cent, and 71.2 per cent, respectively, while the FTSE declined by 1.3 per cent (see **Figure 16**).

The increase in US equity indices in the June 2023 quarter reflected the most gains in June 2023, supported by several positive developments, including moderating inflation and signs that the US economy remained resilient which reduced

[20] The average of the daily spreads between the indicative yield on GOJGBs and the yield on the EMBI+ improved (declined) by 28 basis points (bps) when compared to the same measure for the March 2023 quarter. Relative to EMBI+, the spreads were negative 190 bps, respectively.

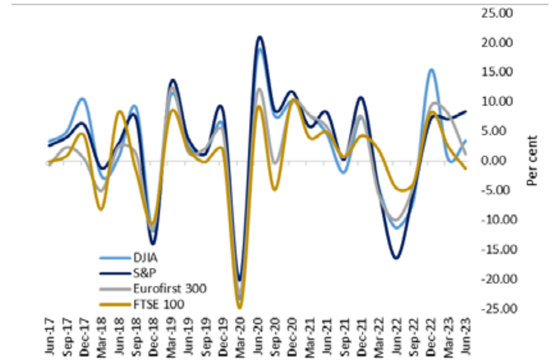
[21] This reflected actual data at the time of the projections and holding the spread constant thereafter.

[22] The yields were negatively impacted by the Fed's decision to pause rates in June 2023. However, this was subsequently offset by expectations for tighter monetary policy conditions.

concerns of a near-term recession. Increased optimism regarding artificial intelligence and the potential for growth in related technology supported stocks for chipmakers. There was some investor caution regarding the US government exhausting its ability to borrow money to meet its financial obligations at the beginning of the quarter. However, the US Congress approved legislation on a debt ceiling extension in early June, which averted a potential default that promised negative consequences for the economy and capital markets. The action of Congress also improved investor confidence. In addition, the US equity indices were supported by reports of continued stability in banks as the Fed reported that all 23 major banks had sufficient funds to operate under a severe recession scenario. However, investors' expectations for more-aggressive central bank rate hikes throughout the remainder of this year and political turmoil in Russia had a partially offsetting impact on equity indices during the quarter.

The EuroFirst posted gains in the June 2023 quarter led by the financials and information technology sectors. The technology sector was supported by semiconductor stocks amid higher-than-expected sales by some US chipmakers, amidst anticipated growth of artificial intelligence. Among the financial stocks, banks outperformed as their near-term earnings are expected to be strong. Within the Eurozone there were encouraging signs of easing price pressures for May, which supported equities. In particular, Germany and France were among several countries reporting a slowdown in price growth, supporting hopes that Eurozone rate rises may soon end. The Bank of England (BoE) raised rates twice – in May and June. The 0.5 percentage points (pps) increase in June represented a reacceleration in rate hikes after an initial decision to slow the pace in March to 0.25 pp increments. This signalled to investors that the BoE has more work to do to tame underlying inflation, which adversely affected the FTSE100. During the quarter, the equities markets in Europe and the UK performed below that of US equity indices and were negatively impacted by rising interest rates, a growth slowdown in China, and uncertainty surrounding negotiations over raising the federal debt ceiling in the US.

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 in the range of 1.0 to 3.0 per cent for the June 2023 quarter, a deceleration relative to the growth recorded for the March 2023 quarter. Real GDP is projected to grow by 1.0 to 3.0 per cent for FY2023/24, FY2024/25 and FY2025/26. The projected growth for FY2023/24 largely reflects expansions for Mining & Quarrying, Manufacturing, Electricity & Water Supply, and Hotels & Restaurants and its allied industries. The projected growth over the near–term (September 2023– June 2025) is slightly lower than in the previous forecast, primarily reflecting a lower expansion outlook for Hotels & Restaurants and for Agriculture, Forestry & Fishing, Manufacturing and Construction.

Over the medium term (FY2025/26 – FY2028/29), GDP is projected to grow in line with potential output which is projected to expand by 1.0 to 2.0 per cent.

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 economic activity in the sector.

GDP Growth

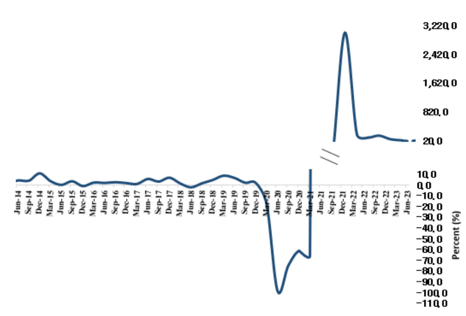
The Jamaican economy is estimated to have grown in the range of 1.0 to 3.0 per cent for the June 2023 quarter, a deceleration relative to the growth recorded for the March 2023 quarter but broadly in line with the growth in potential output (see Box 3: Potential Output).

With the exception of *Agriculture, Forestry & Fishing*, *Construction* and *Producers of Government Services,* all industries are estimated to have grown during the quarter. The estimated growth mainly reflected increased value added in *Hotels & Restaurants, Other Services, Transport, Storage & Communication, Mining & Quarrying, Manufacturing* and *Electricity & Water Supply*.

As it relates to *Hotels & Restaurants,* the estimated growth for the June 2023 quarter was based on an increase in foreign national arrivals which had spill–over effects on *Manufacturing*, *Other Services* and *Transport, Storage & Communication*. (see Figure 17).

Growth in *Other Services,* largely represented an increase in recreational, cultural & sporting activities influenced by greater demand from the tourism industry and entertainment activities.

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



Sources: BOJ and Jamaica Tourist Board

The estimated growth in *Transport, Storage & Communication* was primarily underpinned by growth in the number of airport and cruise passenger arrivals reflecting the buoyancy within the Tourism industry.

For *Mining & Quarrying*, growth largely reflected a resumption of production at the Jamalco plant following its closure in the June 2022 quarter, as well as higher capacity utilization at the Noranda plant. (see **Figure 18**).

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 and the continued improvement in entertainment and nightlife activities. In addition, an expansion in distribution and exports is anticipated for some companies.

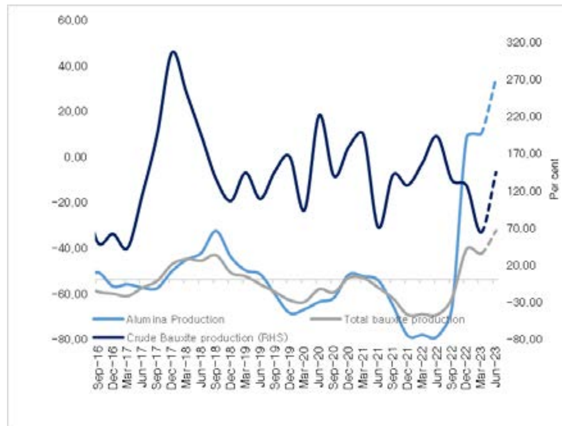
The estimated expansion in *Electricity & Water Supply* for the review quarter was mainly driven by increased electricity consumption related to above-normal temperatures.

The estimated decline in *Agriculture, Forestry & Fisheries* also reflected the adverse impact of high temperatures on the sector.

Although there are indications that government related spending picked up during the quarter, the estimated decline for *Construction* was evidenced by reductions in retail hardware sales and NHT's construction activities.

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, Mining & Quarrying* and *Manufacturing*. 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 (June 2023 Quarter)

	Contribution*	Estimated Impact on Growth
GOODS	31.7	2.0 to 3.0
Agriculture, Forestry & Fishing	-23.1	-5.5 to -4.5
Mining & Quarrying	56.1	159.0 to 160.0
Manufacturing	9.6	1.5 to 2.5
Construction	-11.0	-4.0 to -3.0
SERVICES	68.3	1.5 to 2.5
Electricity & Water Supply	7.0	4.0 to 5.0
Wholesale & Retail Trade, Repairs & Installation	6.2	0.0 to 1.0
Hotels & Restaurants	28.0	8.0 to 9.0
Transport Storage & Communication	14.6	2.0 to 3.0
Financing & Insurance Services	7.0	0.5 to 1.5
Real Estate, Renting & Business Activities	7.7	1.0 to 2.0
Producers of Government Services	-0.6	-0.5 to 0.5
Other Services	4.6	1.0 to 2.0
Financial Intermediation Services Indirectly Measured	6.1	2.0 to 3.0

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

Aggregate Demand

From the perspective of aggregate demand, the estimated growth for the June 2023 quarter reflects improvements in consumption, investment and net exports. Growth in consumption reflected a modest growth in personal loans and GCT collections. The improvement in net exports was underpinned by growth in exports, particularly tourism, as well as marginally lower imports (see **Balance of Payments**) while the increase in investments was inferred from infrastructure related loan receipts to the GOJ at the end of the previous quarter.[1]

Outlook

Real GDP is projected to grow by 1.0 to 3.0 per cent for FY2023/24 and FY2024/25. The projected growth for FY2023/24 largely reflects expansions for Mining & Quarrying (underpinned by the resolution of operational challenges at all plants), Manufacturing, Electricity & Water Supply, Hotels & Restaurants and its allied industries.

Real GDP growth over the near-term (September 2023 to June 2025 quarters) is below the previous forecast. This is accounted for primarily by lower projected growth in *Hotels & Restaurants* (including the impact of a downward revision to projected average length of stay) and for Agriculture, Forestry & Fishing.[2]

Over the medium term (FY2025/26 – FY2028/29), GDP is projected to grow in line with projected output which is projected to expand by 1.0 to 2.0 per cent reflecting mainly continued expansion for tourism and its allied industries (**Box 3: Potential Output**).

Risks

The risks to the projected growth for 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, more adverse weather conditions than projected could also result in lower than projected GDP.

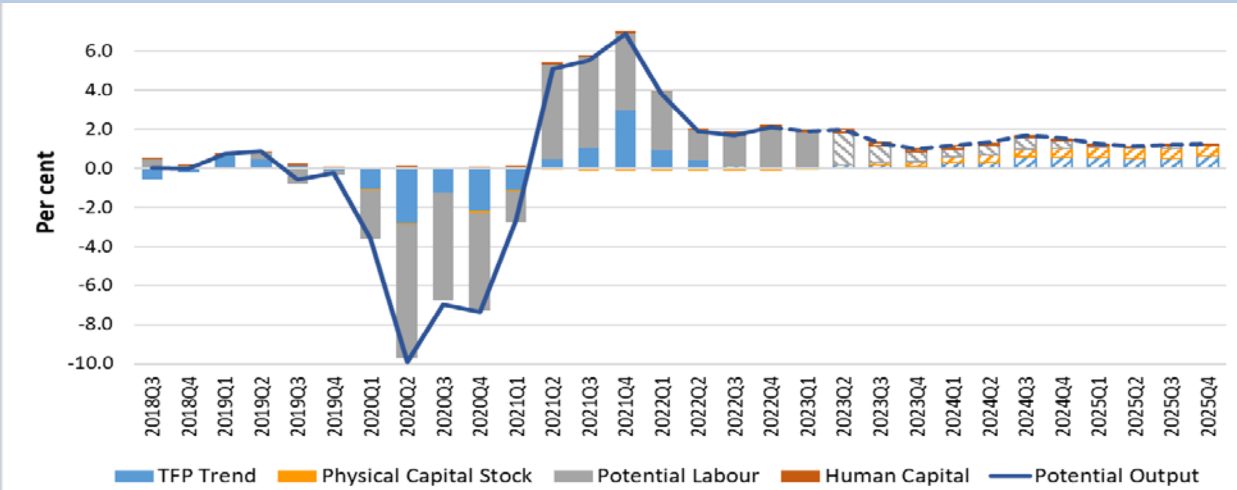
[1] Loan inflows from China EXIM Bank were US$114.6mn in March 2023 compared to US$36.8mn in March 2022. Private domestic investment increased by 12.4%, marginally above the growth of 10.8% in the June 2022 quarter.

[2] The current projections for average length of stay for the near-term is 7.9 nights, relative to the previous projection for 8.1 nights.

Box 3: Potential Output

Jamaica's potential output is estimated to have increased by 1.5 to 2.5 per cent for the June 2023 quarter, broadly consistent with the growth in the economy and consistent with the growth for the previous quarter and the June 2022 quarter (see Figure 1).[3]

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



Contributions to Potential Output Growth[4]

The estimated expansion in potential output for the June 2023 quarter chiefly reflects growth in potential labour supply (see Figure 1). Potential labour supply is estimated to have grown by 1.0 to 2.0 per cent for the quarter.[5] The potential capital stock is estimated to be flat for the quarter. Human capital is estimated to have grown by 0.0 to 1.0 per cent for the June 2023 quarter relative to the 0.1 per cent for both the March 2023 and June 2022 quarters. Total factor productivity is estimated to have grown by 0.0 to 1.0 per cent for quarter.

Outlook for Potential Output

Potential output is forecasted to increase at an average rate of 1.0 to 2.0 per cent over the September 2023 to June 2025 quarters (near-term) (see Figure 2). Potential labour supply, physical capital stock and total factor productivity are all projected to contribute an average rate of 0.4 pps to the growth in potential output. Potential human capital is projected to contribute an average rate of 0.1 pps to the growth in potential output 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 0.3 per cent and 0.2 per cent, respectively.

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

[4] The production function approach allows for the computation and examination of the contribution of the underlying factor inputs in the economy responsible for driving the potential GDP growth. The key factors of production considered in the production function approach are capital and labour, and their productivity (total factor productivity, TFP). Changes in the underlying factors give an indication of the structural changes in Jamaica's economy over time.

Over the medium-term, potential output is projected to grow, on average, by 1.0 to 2.0 per cent. This projected growth is driven by increases in physical capital stock and TFP, in a context where potential human capital and potential labour supply are projected to remain flat.

4.0 Fiscal Accounts

For the June 2023 quarter, Central Government's operations recorded a fiscal deficit of $18.5 billion (0.6 per cent of GDP), compared to the surplus of $1.7 billion (0.1 per cent of GDP) for the June 2022 quarter. The outturn for the review period reflected higher expenditure, partly offset by higher revenues & grants (in particular tax revenue) relative to the corresponding period of 2022. The higher expenditure was seen mainly in compensation of employees and programme spending.

Recent Developments

For the June 2023 quarter, Central Government's operations recorded a fiscal deficit of $18.5 billion (0.6 per cent of GDP), compared to the surplus of $1.7 billion (0.1 per cent of GDP) for the June 2022 quarter. The outturn for the review period reflected higher expenditure, partly offset by higher revenues & grants (in particular tax revenue) than for the corresponding period of 2022.[1] The higher expenditure was reflected mainly in compensation of employees and programme spending.

For the review period, the higher expenditure compared to the June 2022 quarter was largely in compensation of employees and programme spending (see Table 2). Greater compensation of employees was attributable to the salary compensation review while the higher programme spending was due to a faster pace of procurement.

The performance of Revenue & Grants for the June 2023 quarter was explained mainly by higher tax and non-tax revenue. The higher tax revenue emanated from the income & profits and international trade categories.[2]

The financing requirement for Central Government for the June 2023 quarter was $35.9 billion (1.2 per cent of GDP) reflecting the fiscal deficit of $18.5 billion (0.6 per cent of GDP) and amortisation of $17.4 billion (0.6 per cent of GDP).

Financing during the quarter was sourced from domestic and external loans receipts of $23.7 billion (0.8 per cent of GDP) and $8.7 billion (0.3 per cent of GDP), respectively. Domestic loans reflected BIN and Treasury bill issuances amounting to $18.1 billion (0.6 per cent of GDP) and $5.6 billion (0.2 per cent of GDP), respectively. External loan receipts amounted to US$56.3 million (0.3 per cent of GDP) from multilateral agencies for investment projects.

Amortisation for the June 2023 quarter mainly reflected external amortisation, which included payments of US$68.1 million (0.4 per cent of GDP) and US$2.8 million (0.01 per cent of GDP) to multilateral and bilateral lending agencies, respectively. In addition, there was a contingency payment of $6.0 million (0.03 per cent of GDP). Domestic amortisation of $5.6 billion (0.2 per cent of GDP) consisted primarily of Treasury bill maturity. Against this background, there was a draw-down of $2.2 billion (0.1 per cent of GDP) in Central Government bank balances.

[1] In nominal terms, for the June 2023 quarter tax revenue amounted to $188.2 billion, higher than the $164.4 billion for the June 2022 quarter.

[2] Higher income & profits was largely driven by the over performance of PAYE. The increase in PAYE was attributable to salary increases arising from the GOJ's compensation review (changes in the wage base) as well as improved labour market conditions. The increase in international trade resulted from greater SCT (imports) and travel tax driven primarily by higher imports and greater visitor arrivals, respectively.

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

	June 2023 Quarter		
	Current Forecast	Previous Forecast	Diff
Revenue & Grants	**6.9**	**7.2**	(0.3)
o/w Tax Revenue	**6.3**	**6.5**	(0.2)
Non - Tax Revenue	0.5	0.6	(0.1)
Grants	0.0	0.1	(0.1)
Expenditure	**7.5**	**7.0**	0.5
Programmes	2.6	2.0	0.6
Compensation of Employees	3.3	3.1	0.2
Wages and Salaries	3.1	2.8	0.3
Interest Payment	1.2	1.2	0.0
Capital Expenditure	0.4	0.7	**(0.3)**
Fiscal Surplus/Deficit	**(0.6)**	**0.1**	**(0.7)**
Primary Balance	**0.6**	**1.3**	**(0.7)**
Total Financing	**1.1**	**0.7**	0.4
External Loans	0.3	0.1	0.2
Domestic Loans	0.8	0.6	0.2
Other Inflows	**0.0**	**0.1**	(0.1)
Other Outflows	**0.0**	**0.1**	(0.1)
Amortisation	**0.6**	**0.6**	0.0
External	0.4	0.4	(0.0)
Domestic	0.2	0.2	**0.0**
Overall Balance	**(0.1)**	**0.3**	(0.4)

5.0 Balance of Payments

The current account of the balance of payments (BOP) is estimated to have recorded a surplus of 0.0 to 1.0 per cent of GDP for the June 2023 quarter, higher (better) than the outturn for the June 2022 quarter.

For FY2023/24, the current account (CA) is projected to deteriorate to a surplus of 0.7 per cent of GDP from a surplus of 1.7 per cent of GDP in FY2022/23. This deterioration largely reflects a lower surplus on the current transfers sub-account and a higher deficit on the income sub-account, partially offset by an improvement on the merchandise trade balance and a higher surplus on the services sub-account. The CAD for FY2024/25 is projected to deteriorate further to a deficit of 0.4 per cent of GDP and average 0.9 per cent over the medium-term.

Relative to the previous forecast, the projected CAD over the September 2023 to the June 2025 quarter is lower (better). This revision is based on improvements in all sub-accounts, primarily the general merchandise trade balance.

Over the near term, the gross reserves are projected to be lower than the previous forecast. This is largely influenced by the June 2023 quarter outturn as well as higher BFXITT interventions. The gross reserves are projected to remain above the ARA 100% benchmark over the medium term and end FY2028/29.

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 projected growth in source markets. The main downside risks (lower deficit) relates to lower imports associated with weaker than expected domestic demand.

Recent Developments

For the June 2023 quarter, the current account of the balance of payments is estimated to have recorded a surplus of 0.9 per cent of GDP, higher (better) than the surplus recorded for the June 2022 quarter. The improvement is seen primarily in the trade and services sub-accounts, partially offset by a deterioration on the current transfers sub-account. The merchandise trade balance is estimated to have improved mainly due to increased exports from mining and quarrying and agriculture as well as lower fuel imports. The improvement on the service balance is underpinned by higher travel inflows and lower transport outflows. The deterioration on the current transfers sub-account mainly reflected lower remittance inflows.

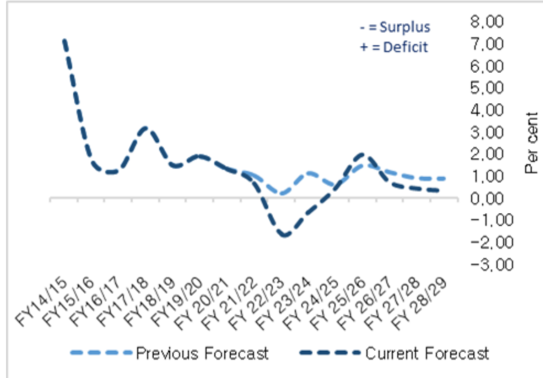
Relative to previous projections, the current account balance for the June 2023 quarter is higher (better). This is mainly underpinned by higher-than-projected surpluses on the services and current transfers sub-accounts of as well as a lower-than-projected deficit on the general merchandise trade balance partially offset by a higher than projected deficit on the income sub-account. The upward revision to the surplus on the services sub-account mainly reflected higher net travel inflows. The higher current transfers were mainly underpinned by higher net remittance inflows. For the merchandise trade balance, exports and imports were above projections.

The current account (CA) is projected to be sustainable over the medium term. For FY2023/24 to FY2024/25, the CA is projected to deteriorate to an average surplus within the range of 0.0 to 1.0 per cent of GDP, an improvement relative to the previous projection but worse than the surplus estimated for FY2022/23.

The CA is projected to improve, relative to the previous forecast over the medium-term. The CA balance is projected to deteriorate to a deficit, albeit a lower one, relative to the previous projection, averaging between 0.3 to 2.0 per cent of GDP between FY2025/26 to FY2028/29 (see **Figure 19**). The improvement in the CA relative to the previous projection is mainly due to a lower deficit on the trade balance, higher travel inflows and lower investment outflows.[1]

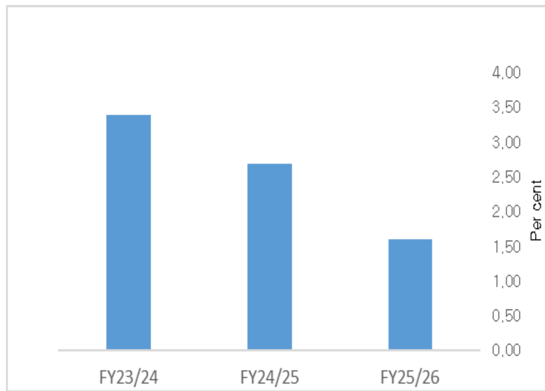
The current account balance, after accounting for FDI-related imports, reflects an average surplus of 2.6 per cent of GDP for the 3-year forecast period of FY2023/24 to FY2025/26 (see **Figure 20**).

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 FY2028/29), the merchandise trade balance, travel inflows and investment income outflows are improved relative to previous projections mainly due to higher exports of approximately US$581.5 million, higher average daily expenditure of US$9.50 on average and lower investment income outflows of approximately US$16.4 million on average.

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

On 16 June 2023, a staff-level agreement was reached on the completion of the first reviews of Jamaica's Precautionary and Liquidity Line (PLL) and the Resilience and Sustainability Facility (RSF). The IMF's Executive Board (Board) is expected to consider these reviews at the end of August 2023. Given Board approval, Jamaica is expected to draw down on US$254.0 million.

The NIR targets associated with the PLL were re-defined as US$3,820 million and US$3,930 million for 30 September 2023 and 31 March 2023, respectively. The NIR is projected to end September 2023 and March 2024 at US$4,310.6 million and US$4,319.6 million, respectively. This is in excess of the target by US$490.6 million and US$389.6 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 June 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 the return of inflation to the target. To ensure the orderly functioning of the foreign exchange market during the June 2023 quarter, BOJ provided liquidity amounting to US$285.3 million via the B-FXITT facility.

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

Monetary Policy

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

Liquidity Conditions

Liquidity conditions increased slightly during the June 2023 quarter, relative to the March 2023 quarter. Deposit taking institutions (DTIs) and primary dealers maintained average current account balances at Bank of Jamaica of $32.1 billion, above the average of $26.9 billion for the preceding quarter. The higher liquidity was largely driven by net injection of $14.6 billion from BOJ operations, associated with injections through FX operations amounting to $56.2 billion. This was partly offset by net absorptions from GOJ of $9.3 billion due to net debt issues (see **Table 3**).

Bank of Jamaica conducted 13 auctions of 30-day CDs during the review quarter. The average offer size during the June 2023 quarter was $27.7 billion, above the average of $25.1 billion for the March 2023 quarter. The average yield on these operations for the review quarter fell by 106 bps for the quarter to 8.64 per cent .

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

Table 3: BOJ Liquidity Facility (J$ Billions)

BOJ Liquidity Flow (J$ Billions)	Actual Dec-22	Actual Mar-23	Projected Average Jun-23	Actual Average Jun-23	Variance Jun-23
Net BOJ Operations (Inject/Absorb)	47.6	24.9	36.4	14.6	-21.8
Open Market Operations	5.8	-24.2	-7.6	-23.5	-15.9
BOJ Repo - (incl. OTROs)	0.5	-0.9	-1.5	-1.2	0.3
FR CDs - (incl. 30day CDs)	-3.2	-23.3	-6.4	-22.6	-16.2
VR CDs	0.0	0.0	0.0	0.0	0.0
USD Indexed Notes	8.5	0.0	0.3	0.3	0.0
BOJ FX (incl. PSE)	41.8	56.6	60.7	56.2	-4.4
BOJ Other	0.0	-7.5	-16.6	-18.2	-1.5
o.w. Currency Issue	-7.2	-11.0	-6.1	-8.5	-2.4
o.w. Cash Reserve (Com Banks)	-0.1	-1.3	-10.6	-12.4	-1.8
o.w. other	7.1	4.8	0.1	2.7	2.6
GOJ Operations	-50.0	-16.8	-1.4	-9.3	-7.9
Current A/C (+) = Loosen; (-) = Tighten	-2.4	8.1	35.0	5.3	-29.7
Current A/C Balance	18.9	26.9	61.9	32.1	-29.7

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

Foreign currency demand during the June 2023 quarter and the associated fluctuations in market conditions necessitated BOJ's foreign currency sales of US$285.3 million via the B-FXITT facility. These intervention sales occurred in all three months of the quarter. While there were repayments of USD

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

CDs, there continued to be no new issues during the review period (see **Table 4**).

Table 4: Placements & Maturities of BOJ USD Instruments

Tenor	January - March 2023			April - June 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	-	0.08	-	-	1.16	-
TOTAL	-	0.08	-	0.00	1.16	-

Note: Total outstanding stock of USD CDs as at June 2023 was US$125.0 million

Source: Bank of Jamaica

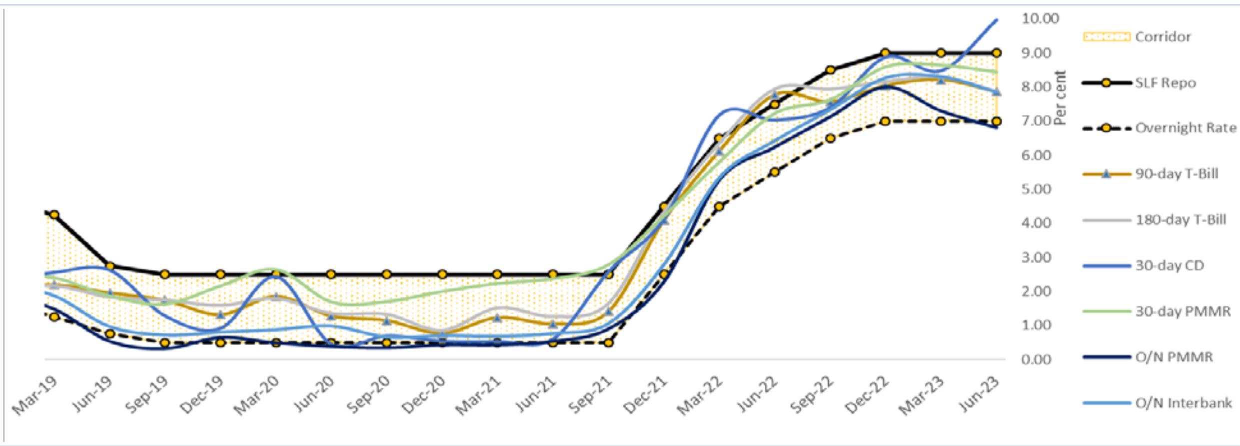
7.0 Financial Markets

Notwithstanding BOJ's policy stance, money market rates generally fell during the June 2023 quarter. The estimated yield curve on GOJ JMD bonds at end-June 2023 2023 generally increased relative to the yield curve at end-March 2023. Exchange rate risk increased while the sovereign risk declined for the June 2023 quarter.

Market Interest Rates

Money market rates generally fell during the June 2023 quarter. Compared to the rates at end-March 2023, the O/N private money market rate (PMMR), the overnight (O/N) interbank rate, and the 30-day PMMR declined by 48 bps, 46 bps and 20 bps, respectively, while the 30-day CD increased by 149 bps. The yields on GOJ 90-day, 180-day and 270-day Treasury bills at end-June 2023 were lower by 35 bps, 42 bps and 41 bps, respectively, compared to the same yields at end March 2023 (see **Figures 21**). The fall in money market rates was influenced by institutions' increasing preference for liquidity in a context of their forecasted demands.

Figure 21: 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
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
Jun-23	9.00	9.98	7.00	6.82	7.85	8.45	7.86	7.89	8.00

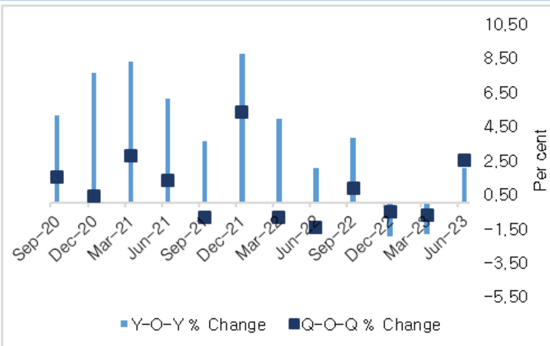
Source: Bank of Jamaica

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

Exchange Rate Developments

The nominal exchange rate depreciated during the June 2023 quarter, relative to the March 2023 quarter. The weighted average selling rate of the Jamaica Dollar vis-á-vis the US dollar (WASR) closed the June 2023 quarter at J$154.62 = US$1.00, reflecting a depreciation of 2.5 per cent, relative to the previous quarter and a depreciation of 2.0 per cent, compared to end-June 2022.[2]

Figure 22: Movements in WASR

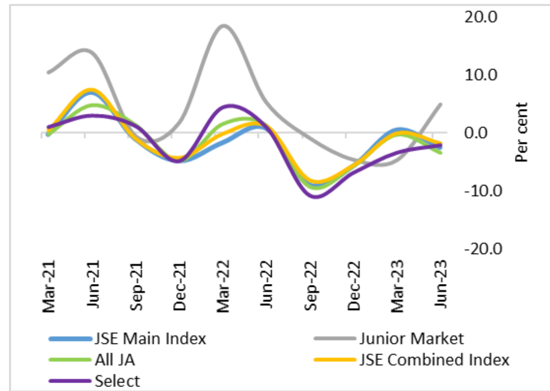


The depreciation in the exchange rate during the June 2023 quarter was particularly noticeable in May 2023. This was underpinned by increased portfolio-related demand by financial institutions. These demand pressures were attenuated by B-FXITT sales of US$285.3 million for the quarter.

Equities Market

For the June 2023 quarter, four of the five major Jamaica Stock Exchange (JSE) indices recorded declines, ranging from 1.8 per cent to 3.4 per cent (see **Figure 23**). More specifically, the JSE Main Index declined by 2.5 per cent for the June 2023 quarter, compared to a decline of 1.2 per cent for the previous quarter. In contrast, the Junior Market Index increased by 5.0 per cent for the review quarter, relative to a decline of 3.6 per cent in the previous quarter. The declines in the indices occurred within the context of continued tight monetary conditions, a challenging economic climate and expectations of a global recession.

Figure 23: Quarterly growth rates of the JSE indices (percentage change)[3]



Source: Jamaica Stock Exchange

The annual performance of the stock market for the year ended June 2023, reflected a decline for all the major JSE indices. The JSE Main Market Index recorded a decline of 15.8 per cent for the year ended-June 2023, compared to a decrease of 6.6 per cent for the same period last year. Meanwhile, the Junior Market Index recorded a decline of 5.2 per cent for the year ended-June 2023, relative to the growth of 26.4 per cent for the corresponding period of the previous year.

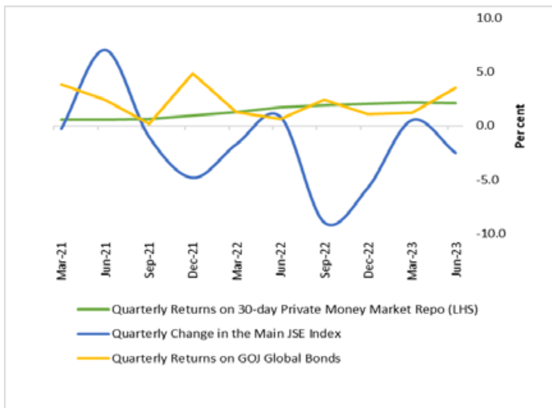
Of note, for the review quarter, foreign currency investments yielded stronger gains in comparison to equity investments. More specifically, foreign currency investments yielded a quarterly return of 3.5 per cent, while the quarterly returns on equities were -2.5 per cent for the June 2023 quarter.[4] Furthermore, the average quarterly yield on 30-day private money market instruments marginally declined to 2.1 per cent for the June 2023 quarter, relative to 2.2 per cent for the previous quarter (see **Figure 24**).

[2] The average WASR for the June 2023 quarter was J$154.59 = US$1.00, reflecting an average depreciation of 0.5 per cent, relative to the March 2023 quarter and an average depreciation of 0.03 per cent relative to the June 2023 quarter. The average WASR for the June 2023 quarter was J$1.02 higher compared to the May 2023 MPA's average WASR of J$153.58= US$1.00.

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

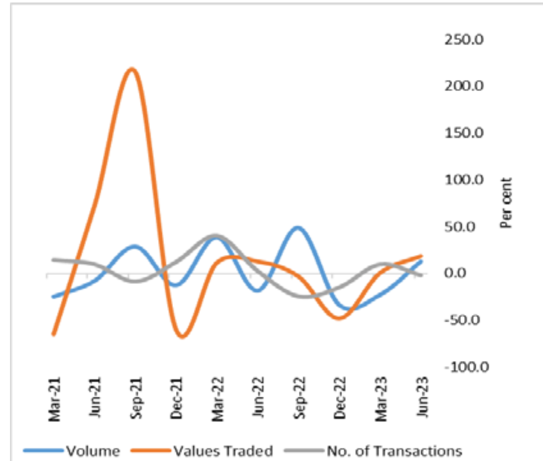
[4] The return on equities is computed as the change in value of the JSE Main Index for the review quarter relative to the previous period. The return on foreign currency investments is computed as the sum of quarterly foreign currency gains (losses) and the average quarterly returns on GOJ global bonds.

Figure 24: Returns from Private Money Market, foreign currency investments and Capital Gains/ (Losses) from JSE Main Index
(Per cent)



Source: Jamaica Stock Exchange and Bloomberg

Figure 25: Quarterly Change in the Monthly Volumes, Values Traded & Number of Transactions (Main JSE Index) (Per cent)



Source: Jamaica Stock Exchange

Market activity indicators for the JSE Main Index showed mixed results for the June 2023 quarter. In particular, the volume and value of stocks traded increased by 12.7 per cent and 18.3 per cent, respectively. This compares to a decline of 23.1 per cent in the volume of stocks traded and an increase of 0.3 per cent in the value of stocks traded in the previous quarter. Meanwhile, the number of transactions declined by 1.9 per cent for the review quarter relative to an increase of 9.6 per cent in the March 2023 quarter. (see **Figure 25**).

The advance-to-decline ratio for the stocks listed on the JSE was 15:25 for the June 2023 quarter, while two stocks traded firm. This compares to an advance-to-decline ratio of 12:30 with no stock trading firm for the previous quarter. Of note, stock price appreciation was largely concentrated among the *Manufacturing* and *Financial* categories. Meanwhile, the declining stocks were concentrated in *Financial* and *Other* categories (see **Tables 5 and 6**).

Table 5: Stock Price Appreciation

Advancing	Per cent
Manufacturing	
Massy Holdings Limited	13.0
Caribbean Producers Jamaica Limited	12.3
Wisynco Group Ltd	5.9
Seprod Limited	5.5
Tourism	
Ciboney Group	26.1
Other	
Wigton Windfarm Limited (WIG)	14.7
Financial	
Sygnus Real Estate Finance Limited	30.5
Mayberry Investments Limited	12.0
QWI Investments Limited	5.0
Sygnus Credit Investments Limited	4.7

Table 6: Stock Price Depreciation

Declining	Per cent
Financial	
Jamaica Stock Exchange	-18.5
Proven Investments Limited	-15.8
National Commercial Bank Jamaica	-13.7
Victoria Mutual Investment	-11.8
Insurance	
Guardian Holdings Limited	-14.6
Manufacturing	
Salada Foods Jamaica	-19.7
Kingston Wharves	-12.5
Other	
Palace Amusement	-29.3
MPC Caribbean Clean Energy Limited (MPCCEL)	-14.1
Stanley Motta Limited	-12.4

8.0 Monetary Aggregates

The estimated annual growth in money supply at June 2023 was lower than at March 2023 but higher than the previous projection. Growth in credit to the private sector at June 2023 (using the same measure) was, however, largely in line with that at March 2023 but lower than the previous projection.

Deposit rates recorded a marginal increase at May 2023 relative to March 2023 while lending rates recorded a marginal decrease.

Money

The monetary base declined by 3.4 per cent at June 2023 when compared to March 2023. Regarding the sources of the annual change in the monetary base at June 2023, there was an increase of 15.2 per cent in the Bank of Jamaica's net international reserves (NIR), offset by a decline of 13.2 per cent in net domestic assets (NDA) (see **Table 7**). Higher OMOs, other operations, and net credit to banks contributed to the decline in the NDA. The increase in the Jamaican dollar equivalent of the NIR was mainly associated with a depreciation in the exchange rate and to a lesser extent, an increase in the USD value of the NIR. The increase in the value of the NIR stock was influenced by inflows through the PSE Facility and from surrenders by Authorized Dealers and Cambios. The impact of the inflows was partly offset by outflows from Government of Jamaica as well as net B-FXITT sales of US$485.3 million over the year.

Table 7: Bank of Jamaica Accounts

	Stock (J$MN)			Flow (%)	
	Jun-22	Mar-22	Jun-23	Qtr. -o- Qtr.	Y-o-Y
NIR (US$MN)	3,804.7	4,152.4	4,283.5	3.2	12.6
NIR(J$MN)	573,423.6	626,881.7	660,497.9	5.4	15.2
- Assets	661,615.6	707,229.1	738,098.1	4.4	11.6
- Liabilities	-88,192.0	-80,347.3	-77,600.2	-3.4	-12.0
Net Domestic Assets	-294,497.1	-288,143.3	-333,376.5	-15.7	-13.2
- Net Claims on Public Sector	128,865.6	148,614.5	157,000.3	5.6	21.8
- Net Credit to Banks	-85,841.8	-89,678.5	-95,288.4	6.3	11.0
- Open Market Operations	-147,399.5	-150,669.6	-191,738.4	27.3	30.1
- Other	-190,121.3	-196,409.6	-203,350.0	3.5	7.0
-o/w USD FR CDs	4,776.4	4,957.5	5,135.4	3.6	7.5
Monetary Base	278,926.5	338,738.4	327,121.4	-3.4	17.3
- Currency Issue	204,515.2	224,592.2	250,673.8	11.6	22.6
- Cash Reserve	45,885.5	47,844.1	60,724.4	26.9	32.3
- Current Account	28,525.8	66,302.1	15,723.2	-76.3	-44.9

Source: Bank of Jamaica

M2J expanded by 12.7 per cent at May 2023 largely underpinned by growth of 13.3 per cent in local currency deposits. This represented a decrease in growth relative to the 13.3 per cent recorded at end-March 2023. The moderated growth in deposits was strongly reflected in time, demand, and savings deposits, which grew by 68.3 per cent, 12.7 per cent and 2.0 per cent, respectively, relative to the growth of 36.3 per cent, 12.5 per cent and 8.8 per cent in March 2023 (see **Table 8**).

Table 8: Components of Money Supply (M2*)

	Percentage Change (%)		
	May-22	Mar-23	May-23
Total Money Supply (M2*)	13.3	8.3	8.9
Money Supply (M2J)	9.6	8.3	12.7
Money Supply (M1J)	10.5	11.0	11.6
Currency with the public	11.0	9.0	10.1
Demand Deposits	10.1	12.5	12.7
Quasi Money	8.8	13.4	13.7
Savings Deposits	11.1	8.8	2.0
Time Deposits	-0.6	36.3	68.3
Foreign Currency Deposits	19.8	1.9	2.9

Source: Bank of Jamaica

Private Sector Credit

Growth in private sector loans and advances was in line with the previous quarter. Loans and advances (including domestic and foreign currency denominated loans) to the non-financial private sector by DTIs expanded by 12.0 per cent at May 2023. This was largely in line with the growth of 12.2 per cent as at March 2023. This translates to an annual increase in real terms. Relative to GDP, the stock of private sector loans at May 2023 was 42.4 per cent, roughly the same as the ratio of 42.7 per cent a year earlier.

The growth in total loans and advances was underpinned by expansions in loans of 12.3 per cent and 11.8 per cent to the productive and the individual sector, respectively. Growth in loans to the productive sector was mainly attributed to increases in loans to the Professional & Other Services, Construction, Tourism and Manufacturing industries.

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

Stock	May-22	Mar-23	May-23
Total DTI	9.3	12.2	12.0
o.w. to Businesses	5.8	12.0	12.3
o.w. to Consumers	11.9	12.3	11.8
Stock as a % of Annual GDP			
Total DTI	42.7	42.6	42.4
o.w. to Businesses	17.5	17.5	17.5
o.w. to Consumers	25.1	25.1	25.0

Source: Bank of Jamaica

Monetary Projections

Broad money is projected to expand at an average annual rate of 10.1 per cent over the next eight quarters, slightly above the previous projection of 9.0 per cent. The pace of broad money growth is anticipated to reflect expansions in currency in circulation and local currency deposits over the near term, partly influenced by moderations in economic activity. For the latter part of CY 2023, higher than expected currency in circulation is projected driven by stronger than anticipated seasonal demand which normalizes in the December 2023 quarter.

Growth in DTI private sector credit is forecasted to be slightly weaker over the next eight quarters relative to the previous projections. Private sector credit is projected to grow at an average rate of 9.6 per cent up to the June 2025 quarter, compared to the previous forecast for an expansion of 10.5 per cent. The weaker growth is primarily driven by the influence of monetary policy on DTIs' lending decisions.

9.0 Conclusion

Inflation is projected to fluctuate within the range of 5.0 to 6.0 per cent over the next eight quarters (September 2023 to June 2025), which is lower when compared to the average inflation rate of 8.6 per cent over the past two years. Inflation is forecasted to generally decelerate to the Bank's target range of 4.0 to 6.0 per cent by the December 2023 quarter and, with the exception of a few months in 2024, remain there. The deceleration in inflation is consistent with global consensus forecasts for the path of certain commodity prices as well as the Bank's continued tight monetary policy stance. However, inflation is projected to rise in the September 2023 quarter, driven by higher agricultural prices, higher education costs and wage pressures.

Real GDP is projected to grow by 1.0 to 3.0 per cent for FY2023/24, FY2024/25 and FY2025/26. The projected growth for FY2023/24 largely reflects expansions for Mining & Quarrying, Manufacturing, Electricity & Water Supply, Hotels & Restaurants and its allied industries. For the medium term (FY2025/26 – FY2028/29), GDP growth is projected to be in line with potential output which is projected to expand by 1.0 to 2.0 per cent. The risks to the forecast for real GDP growth are skewed to the downside.

The current account (CA) of the balance of payments (BOP) for FY2023/24 is projected to deteriorate to a surplus of 0.5 to 1.5 per cent of GDP from a surplus of 1.7 per cent of GDP in FY2022/23. This deterioration largely reflects a lower surplus on the current transfers sub-account and a higher deficit on the income sub-account, partially offset by an improvement on the general merchandise trade balance and a higher surplus on the services sub-account. The CAD for FY2024/25 is projected to deteriorate to a deficit of 0.0 to 1.0 per cent of GDP and average 0.3 to 2.0 per cent of GDP over the medium-term. The gross reserves are projected to remain above the ARA 100% benchmark over the medium term and end FY2028/29 at US$5.9 billion (or 145.0 per cent of the ARA metric.

On 29 June 2023, BOJ announced its decision to maintain: (i) the policy interest rate (the rate offered to deposit-taking institutions (DTIs) on overnight placements with Bank of Jamaica) at 7.0 per cent, (ii) tight Jamaican dollar liquidity conditions and (iii) relative stability in the foreign exchange market. In addition, the MPC noted that it will continue to closely monitor the global and domestic environments for risks that could threaten Jamaica's inflation target.

Additional Tables

1: INFLATION RATES

		CPI (Point-to-Point) **	Headline Inflation	Core Inflation*
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
FY23/24	Jun-23	129.45	6.29	6.12

* 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 (June 2023) *

Divisions, Classes and Groups	Weight (%)	Inflation (%)	Weighted Inflation	Contribution
FOOD & NON-ALCOHOLIC BEVERAGES	35.79	10.27	3.68	60.69
Food	33.76	10.18	3.44	56.73
Cereals and cereal products (ND)	6.68	7.94	0.53	8.76
Live animals, meat and other parts of slaughtered land animals (ND)	6.60	5.47	0.36	5.96
Fish and other seafood (ND)	3.59	4.75	0.17	2.82
Milk, other dairy products and eggs (ND)	2.86	8.60	0.25	4.06
Oils and Fats (ND)	0.91	8.97	0.08	1.35
Fruits and nuts (ND)	2.60	4.67	0.12	2.00
Vegetables, tubers, plantains, cooking bananas and pulses (ND)	7.02	23.38	1.64	27.10
Tubers, plantains, cooking bananas and pulses (ND)	2.04	27.60	0.56	9.30
Vegetables	4.98	21.36	1.06	17.56
Sugar, confectionery and desserts (ND)	1.31	11.67	0.15	2.52
Ready-made food and other food products n.e.c. (ND)	2.19	9.18	0.20	3.32
Non-Alcoholic Beverages	2.03	11.88	0.24	3.99
Fruit and Vegetable Juices (ND)	0.66	10.07	0.07	1.10
Coffee, Tea and Cocoa	0.46	16.02	0.07	1.22
Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	0.91	11.39	0.10	1.71
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	1.45	7.92	0.11	1.90
CLOTHING AND FOOTWEAR	2.48	5.79	0.14	2.37
Clothing	1.66	6.01	0.10	1.65
Footwear	0.82	5.33	0.04	0.72
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	17.85	1.37	0.25	4.05
Rentals for Housing	9.09	2.30	0.21	3.45
Maintenance, Repair and Security of the Dwelling	0.67	5.22	0.04	0.58
Water Supply and Miscellaneous Services Related to the Dwelling	2.27	-1.43	-0.03	-0.54
Electricity, Gas and Other Fuels	5.82	0.59	0.03	0.56
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE	3.77	11.41	0.43	7.10
Furniture, Furnishings, and Loose Carpets	0.36	5.01	0.02	0.29
Household Textiles	0.22	6.54	0.01	0.24
Household Appliances	0.35	3.78	0.01	0.22
Tools and Equipment for House and Garden	0.15	4.37	0.01	0.11
Goods and Services for Routine Household Maintenance	2.70	13.96	0.38	6.21
HEALTH	2.63	4.81	0.13	2.08
Medicines and Health Products	2.16	4.78	0.10	1.70
Outpatient Care Services	0.30	6.90	0.02	0.34
Other Health Services	0.17	1.15	0.00	0.03
TRANSPORT	11.23	-1.63	-0.18	-3.01
INFORMATION AND COMMUNICATION	4.57	-2.25	-0.10	-1.70
RECREATION, SPORT AND CULTURE	5.02	4.90	0.25	4.06
EDUCATION SERVICES	2.43	8.57	0.21	3.44
RESTAURANTS & ACCOMMODATION SERVICES	6.65	12.82	0.85	14.08
INSURANCE AND FINANCIAL SERVICES	1.13	0.32	0.00	0.06
PERSONAL CARE, SOCIAL PROTECTION AND MISCELLANEOUS GOODS AND SERVICES	4.99	5.93	0.30	4.88
ALL DIVISIONS	100.00	6.29	6.06	100.00

3: BANK OF JAMAICA OPERATING TARGETS

	Actual Jun-21	Actual Sep-21	Actual Dec-21	Actual Mar-22	Actual Jun-22	Actual Sep-22	Actual Dec-22	Actual Mar-23	Actual Jun-23
Net International Reserves (US$)	3,388.71	3,964.22	4,000.77	3,675.85	3,804.75	3,807.30	3,976.25	4,152.36	4,283.50
NET INT'L RESERVES (J$)	507,566.6	584,566.63	616,242.37	564,279.73	573,423.61	578,957.26	603,195.44	626,881.71	660,497.90
Assets	641,947.1	713,099.77	744,492.11	663,725.83	661,615.64	661,408.44	685,347.31	707,229.05	738,098.10
Liabilities	134,380.5	128,427.3	-128,249.74	-99,446.11	-88,192.03	-82,451.18	-82,151.87	-80,347.34	-77,600.20
NET DOMESTIC ASSETS	-208,050.82	-267,249.64	-276,378.11	-296,160.65	-294,497.14	-295,955.39	-293,996.16	-288,143.28	-333,376.50
-Net Claims on Public Sector	213,236.0	143,591.3	141,473.17	136,05033	128,865.57	103,495.97	114,784.43	148,614.51	157,000.30
-Net Credit to Banks	-75,868.7	-77,171.4	-81,335.02	-84,710.58	-85,841.83	-86,021.11	-85,247.82	-89,678.54	-95,288.40
-Open Market Operations	-131,936.0	-134,896.6	-119,548.25	-142,423.26	-147,399.54	-117,518.10	-130,018.10	-150,669.64	-191,738.40
-Other	-213,482.1	-198,772.9	-216,968.01	-205,077.14	-190,121.34	-195,912.16	-193,514.67	-196,409.62	-203,350.0
MONETARY BASE	299,515.8	317,422.8	339,864.27	268,119.07	278,926.48	283,001.87	309,199.28	338,738.43	327,121.40
- Currency Issue	181,058.4	197,436.1	226,933.52	207,895.60	204,515.25	206,218.51	233,760.72	224,592.25	250,673.80
- Cash Reserve	41,429.1	43,525.4	44,348.06	44,909.59	45,885.45	45,291.63	45,437.41	47,844.11	60,724.40
- Current Account	77,028.3	76,461.3	68,582.69	15,313.88	28,525.77	31,491.79	30,001.15	66,302.07	15,723.20
GROWTH IN MONETARY BASE [F-Y-T-D]	1.4	7.5	15.1	-	4.0	5.6	15.3	-	-3.4

4: MONETARY AGGREGATES

		BASE	M1J	M1	M2J	M2	M3J	M3
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
	Mar-23	338,738.43	433,068.16	491,676.32	893,429.05	1,394,825.28	1,159,500.28	1,394,825.28
FY23/24	May-23	305,807.08	445,211.17	512,278.04	915,300.15	1,432,161.09	1,182,680.55	1,432,161.09

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

		1-month	3-month	6-month
FY14/15	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
FY23/24	Jun-23	…	7.86	7.89

[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
FY23/24	Jun-23	9.60

7: Placements and Maturities* in BOJ OMO Instruments

	October - December 2022			January - March 2023			April – June 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	217.6	234.6	8.64	278.0	318.4	9.70	337.3	359.0	8.64
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	4.5	0		0	0		0	0	
730-day FR CD	0	0		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	
730-day FR USD IB	0	0		0	0		0	0	
911-day FR USD IB	0	0		0	0.0		0	0.0	
1095-day FR USD IB	0	0		0	0		0	0	
Repos	332.5	332.5		281.7	272.4		201.9	204.5	
	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	0		0	0		0	0	
7-year FR USD CD	0.79	0		0.08	0		1.16	0	
TOTAL	0.79	0		0.08	0		1.16	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
Dec-22	20.2	109.6	0.1	0.2	23.0	182.9	237.3	573.0

+ Revised

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

	Jun-20+	Sep-20+	Dec-20+	Mar-21+	Jun-21+	Sep-21 +	Dec-21+	Mar-22+	Jun-22+	Sep-22+	Dec-22+
1. Current Account	-83.6	1.1	-47.5	-43.1	216.1	78.3	-102.0	-293.2	13.7	-86.1	235.8
A. Goods Balance	-614.2	-660.0	-821.0	-640.8	-551.8	-547.4	-1041.8	-1126.3	-1189.6	-1291.9	-1000.2
Exports (f.o.b)	264.7	306.4	321.2	365.9	425.7	401.2	288.0	340.9	464.9	466.8	628.9
Imports (f.o.b)	878.9	966.4	1142.2	1006.7	977.5	948.5	1329.9	1467.2	1654.5	1758.7	1629.1
B. Services Balance	-78.4	-61.2	-24.9	-60.6	-40.8	-182.4	61.0	259.2	416.9	320.1	309.0
Transportation	-119.9	-130.0	-145.0	-307.1	-434.7	-591.4	-391.1	-322.3	-276.2	-311.5	-318.0
Travel	-0.2	131.4	221.6	254.9	457.5	542.7	650.8	722.0	862.3	848.7	893.8
Other Services	41.7	-62.5	-101.6	-8.5	-63.6	-133.7	-198.7	-140.5	-169.3	-217.0	-266.8
Goods & Services Balance	-692.6	-721.2	-845.9	-701.4	-592.5	-729.8	-980.8	-867.2	-772.7	-971.8	-691.2
C. Income	-82.0	-142.1	-29.8	-158.2	-104.2	-121.3	-34.9	-225.5	-96.7	-52.1	27.5
Compensation of employees	8.9	20.0	45.5	15.3	9.7	28.5	46.5	18.8	16.8	33.3	50.6
Investment Income	-90.9	-162.1	-75.3	-173.5	-113.9	-149.9	-81.5	-244.3	-113.6	-85.3	-23.1
D. Current Transfers	691.0	864.4	828.3	816.6	912.9	929.4	913.8	799.5	883.2	937.8	899.5
General Government	21.7	46.5	37.4	44.0	40.8	53.7	40.5	47.0	41.7	48.7	44.5
Other Sectors	669.3	817.8	790.9	772.5	872.0	875.7	873.3	752.5	841.5	889.1	855.1
2. Capital & Financial Account	175.2	-493.0	942.0	423.4	276.7	-401.1	1216.8	1026.0	977.2	529.5	23.6
A. Capital Account	-9.2	-5.8	-6.3	-8.6	-9.2	-5.8	-5.6	-9.2	-7.8	-6.7	-6.2
Capital Transfers	-9.2	-5.8	-6.3	-8.6	-9.2	-5.8	-5.6	-9.2	-7.8	-6.7	-6.2
General Government	0.8	1.9	1.0	1.4	0.8	1.9	1.8	0.9	2.2	2.5	1.2
Other Sectors	-9.9	-7.7	-7.3	-10.0	-9.9	-7.7	-7.3	-10.0	-9.9	-9.2	-7.3
Acq/disp of non-produced non- fin assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Financial Account	184.4	-487.2	948.3	432.0	285.8	-395.3	1222.3	1035.1	985.0	536.2	29.8
Direct Investment	89.9	22.1	46.5	22.3	36.7	118.4	86.9	44.5	64.7	100.1	49.1
Portfolio Investment	-198.2	-311.8	38.1	-268.8	-198.2	-311.8	320.2	-127.1	57.0	215.3	-93.7
Other official investment	-150.0	-71.7	93.7	165.2	-58.6	-76.1	223.0	-11.7	96.0	16.9	74.6
Other private Investment	154.3	96.1	394.1	377.7	217.6	96.1	552.5	434.8	186.5	120.5	167.4
Reserves	288.4	-222.0	375.9	135.6	288.4	-222.0	39.7	694.5	580.8	83.4	-167.6
Errors & Omissions	-91.6	492.0	-894.6	-380.2	-492.8	322.9	-1114.8	-732.8	-990.9	-443.4	-259.4

+ Revised

10: FOREIGN EXCHANGE SELLING RATES

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

		US$	Can$	GBP £
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
FY23/24	Jun-23	154.6212	117.5245	197.2435

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

		(US$MN) Gross Foreign Assets	(US$MN) Gross Foreign Liabilities	(US$MN) International Reserves (Net)	Weeks of Imports Goods	Goods & Services
FY14/15	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
FY23/24	Jun-23	4786.72	-503.25	4283.47	38.75	26.46

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)

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Total Value Added at Basic Prices	-6.6	14.2	5.9	6.7	6.4	4.8	5.9	3.8	4.2
Agriculture, Forestry & Fishing	-1.9	15.0	7.3	13.8	8.4	6.4	16.3	5.9	-6.9
Mining & Quarrying	7.2	-9.2	-29.7	-60.5	-60.0	-62.5	-27.6	99.0	114.8
Manufacturing	-1.3	13.0	3.7	-2.2	4.5	5.7	9.4	5.4	3.6
Food, Beverages & Tobacco	-2.3	9.9	3.4	2.2	6.8	10.3	12.7	2.8	7.1
Other Manufacturing	0.1	17.8	4.3	-7.3	1.3	-0.9	4.5	8.9	-1.5
Construction	10.5	17.4	4.4	5.9	3.5	-5.2	-3.1	-4.8	-4.2
Electricity & Water	-6.9	4.0	0.6	5.8	1.4	2.0	3.9	1.7	0.7
Wholesale & Retail Trade; Repairs; Installation of Machinery	-5.1	19.3	4.4	10.6	8.8	7.6	5.3	1.3	2.8
Hotels and Restaurants	-55.9	334.6	114.6	79.5	107.1	56.0	35.3	21.6	29.7
Transport, Storage & Communication	-7.8	13.6	8.8	10.1	8.8	5.6	5.9	5.9	7.1
Finance & Insurance Services	-1.1	2.8	3.3	2.7	0.8	1.1	1.0	1.4	1.9
Real Estate & Business Services	-1.9	5.2	0.7	2.1	1.1	2.1	3.3	0.6	2.3
Government Services	0.0	0.4	0.4	-0.1	0.4	0.4	0.1	-0.8	-0.3
Other Services	-21.9	23.2	12.2	10.4	12.1	9.8	13.0	10.4	13.0
Less Financial Intermediation Services Indirectly Measured (FISIM)	3.7	3.8	3.6	3.2	4.4	2.0	1.6	3.3	3.9

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

		1-month	3-month	6-month	12-month
FY12/13	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
FY23/24	Jun-23	5.2177	5.5454	5.7623	6.0414

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

		EURO-ZONE	UNITED STATES			UNITED KINGDOM
		Repo rate	Fed Funds Rate	Discount Rate	Prime Rate	Repo rate
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
FY23/24	Jun-23	4.00	5.00-5.25	5.25	8.25	5.00

15: INTERNATIONAL EXCHANGE RATES

		Sterling vs. US$	Canadian $ vs. US$	Yen vs. US$	Euro vs. US$
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
FY23/24	Jun-23	0.7872	1.3242	144.3001	0.9167

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
FY23/24	June-23	78.23	73.84	314.35	482.67

*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.

List of Boxes

	44	Exploring the Jamaican Foreign Exchange Market Dynamics: 2001 – 2004 (Special Feature)
Jan – Mar 2005	45	The BOJ Macroeconomic Stress Testing Programme and Financial Stability
	46	Issues of Foreign Reserve Adequacy
Apr – Jun 2005	47	Credit Bureaux and Financial Market Efficiency
	48	Trends in Labour Productivity
Jul – Sep 2005	49	Inflation in Selected Caribbean Countries
	50	International Developments (Special Feature)
Oct – Dec 2005	51	Payment Systems Reform
Jan – Mar 2006	52	The IMF's Code of Good Practices on Transparency on Monetary policy: A Summary of the IMF's Assessment Report on Jamaica
Apr – Jun 2006	53	Trends in Private Sector Credit: FY2001/02 to FY2005/06
	54	Exploring the Interest Rate Differential between Jamaica Dollar and US Dollar Denominated Assets: Jan 2001 – June 2006
	55	Jamaica Labour Market: Trends and Key Indicators – 1996 to 2005
Jul – Sep 2006	56	Labour Market Update – June 2006
	57	The Special (Upper Income) Consumer Price Index
	58	Jamaica Interim Staff Report Under Intensified Surveillance: Executive Summary
Oct – Dec 2006	59	Factors Influencing the Demand for Currency Issued by the BOJ & the Impact of Currency Demand on the Balance Sheet of Financial Institutions
Jan – Mar 2007	60	Jamaica's Financial Programme
	61	Inflation Expectation Survey
	62	The Producer's Price Index
Apr – Jun 2007	63	Measuring Core Inflation: Emerging Issues
Jul – Sep 2007	64	The Turbulence in the US Subprime Mortgage Market
	65	The Revised Consumer Price Index
Oct – Dec 2007	66	Trends in Jamaica's Fuel Demand
	67	Trends in Inflation
	68	The EU-CARIFORUM Economic Partnership Agreement
Jan – Mar 2008	69	Impact of a Potential US Recession on the Jamaican Economy
	70	Recent Trends in International Commodity Prices
Apr – Jun 2008	71	Global Monetary Policy Response to Spiralling Commodity Prices
Jan – Mar 2009	72	BOJ's Monetary Policy Response to the Global Financial Crisis
	73	The Transmission of Monetary Policy in Jamaica
	74	Monetary Policy, Economic Growth and Inflation
Apr – Jun 2009	75	The International Monetary Fund (IMF) and Jamaica's Experience with the IMF
Jul – Sep 2009	76	Fiscal Responsibility Frameworks/Fiscal Rules
Oct – Dec 2009	77	Bank of Jamaica Liquidity Support to the Government: November 2009 – January 2010
	78	The Dynamics of Jamaica's Interest Rate
	79	Jamaica's Medium-Term Economic & Financial Programme: FY2009/10 – FY2013/14
Jan – Mar 2010	80	Jamaica's Inflation: How Much is Enough?
	81	The Jamaica Debt Exchange
Apr – Jun 2010	82	Exchange Rates and External Price Competitiveness
	83	Adequacy of the BOJ's Gross International Reserves
Jul – Sep 2010	84	Preserving Financial Stability (revisited)
	85	Credit Bureaux and the Efficiency of Credit Markets (updated)
Oct – Dec 2010	86	An Inflation Targeting Framework for Jamaica
Jan – Mar 2011	87	The Middle East and North Africa (MENA) Crisis and its Implication for the Jamaican Economy
Apr – Jun 2011	88	Evolution of the European Debt Crisis & its Impact on Jamaica
Jul – Sep 2011	89	Electronic Small-Value Retail Payments: Recent Trends and the Relationship with Economic Growth
Oct – Dec 2011	90	Productivity and Growth
Jan – Mar 2012	91	External Competitiveness in Jamaica
Apr – Jun 2012	92	The Importance of Managing Inflation Expectations

Jul – Sep 2012	93	A Preliminary Assessment of the Impact of Hurricane Sandy on Prices – Results from a Field Survey
Oct – Dec 2012	94	Fiscal Expenditure Multipliers and Economic Growth
Jan – Mar 2013	95	Jamaica's Medium-Term Economic & Financial Programme: FY2013/14 – FY2017/18
Apr – Jun 2013	96	The Evolution of the Jamaica Dollar Liquidity and its Impact on Money Market Rates: January to June 2013
	97	Recent Trends and Developments in Remittances
Jan – Mar 2014	98	The Bank of Jamaica's Quarterly Credit Conditions Survey (recurrent)
Apr – Jun 2014	99	Jamaica's Macroeconomic Programme under the EFF (recurrent)
	100	Monetary Policy Transmission Mechanism (recurrent)
Jul – Sept 2014	101	Changes to the Liquidity Management Framework for Deposit-taking Institutions
Oct – Dec 2014	102	Recent Developments in Crude Oil Prices
Jan – Mar 2014	103	An Examination of Current Account Financing from the BPM6 Perspective
Jul – Sept 2015	104	Inflation Differential
	105	Trends in selected measures of Labour Productivity
Oct – Dec 2015	106	Impact of Increases in the Federal Funds Rate on the Jamaican Economy
	107	A technical examination of the recent stock market appreciation
Jan – Mar 2016	108	Macroeconomic Model (MonMod) Component Contribution to Inflation (recurrent)
	109	Businesses' Inflation Expectations Survey (recurrent)
Apr – Jun 2016	110	Implication of "Brexit on the Jamaican Economy"
	111	Corporate Securities
Jul – Sep 2016	112	Strengthening Monetary Transmission, Fine-tuning BOJ Interest Rate Corridor
	113	Developments and Trends in Credit Reporting in Jamaica
Oct – Dec 2016	114	Recent Developments and Prospects for the International Oil Market
	115	Jamaica's Macroeconomic Programme under the new SBA (recurrent)
Jan – Mar 2017	116	A Review of the Performance of Government of Jamaica Global Bonds
	117	BOJ Signals Upgrade of FX Market Operations
Apr – Jun 2017	118	BOJ's New Foreign Exchange Intervention & Trading Tool
	119	Analysis of the improving Trend in DTIs' Non-Performing Loans for the Five Years ended December 2016
Oct – Dec 2017	120	Global Economic Growth in Selected Economies
Apr – Jun 2018	121	Why Inflation was Lower than Target
	122	Moody's Investors Service Rating Action
Oct – Dec 2018	123	Recent Developments and Prospects for the International Oil Market
	124	Economic Growth in Selected Economies (recurrent)
	125	Credit Conditions Survey (recurrent)
Apr – Jun 2019	126	The impact of Jamaica's transition to LNG on electricity rates
Jan – Mar 2020	127	Assessment of the COVID-19 Epidemiological Curve
Apr – Jun 2020	128	The New Consumer Price Index
	129	COVID-19 Developments
Jul – Sep 2020	130	The Impact of Regulated Price Increases on Inflation
Oct – Dec 2020	131	Quarterly Non-Cash Means of Payment Assessment (recurrent)
Apr – Jun 2021	132	Potential Output (recurrent)
Oct – Dec 2021	133	Assessment of Inflation Developments and Monetary Policy Response: Select Economies
Jan – Mar 2023	134	Resilience and Sustainability Fund and the IMF NIR Targets (recurrent)