



Press Release

16 November 2018

RE: BANK OF JAMAICA ANNOUNCES US\$10 MILLION B-FXITT BUY OPERATION

On Tuesday, 13 November 2018, Bank of Jamaica announced its intention to purchase **US\$10.0 million** at its weekly B-FXITT Standard Operation on 05 December 2018. The decision to purchase was informed by the Bank's weekly estimate of foreign exchange market flows, guided by market Intelligence data and daily chats with market participants, which indicated excess supply in the market.

In announcing its decision for B-FXITT Standard Operations, a four-week schedule is dispatched by the Bank to the market every week, on Tuesdays. Scheduled operations are held on Wednesdays with the Bank inviting nineteen (19) qualifying foreign exchange participants who are licensed as either Authorized Dealers or Cambios to submit offers or bids, as the case may be. Offers or bids from these entities are accepted in order of 'best price', that is, the lowest price when BOJ is buying from the market and the highest price when BOJ is selling to the market, until the announced amount is fully allocated. The results of these operations are dispatched to the market on the day of the operation. The operation announcement, the results of the operations and the four-week schedule may be found on the on the Bank's website.

The purchase of US\$10.0 million scheduled for 5 December 2018, is consistent with the Bank's foreign exchange purchase strategy whereby the Bank buys foreign exchange for three reasons:

1. As banker to government, the central bank is responsible for selling foreign exchange to central government to facilitate timely payment of external obligations, including debt payments. A similar service is provided to some public sector entities.
2. As the largest trader in the market, BOJ is sometimes the only buyer to whom some entities can sell large blocks of foreign exchange if they have a need to do so.
3. The Bank also buys to accumulate foreign reserves proactively and steadily to cover its "rainy day" responsibilities to the country. These include addressing seasonal or other imbalances in the foreign exchange market, ensuring long-term stability in Jamaica's international trading arrangements and enhancing Jamaica's ability to manage domestic and international economic shocks.