



News Release  
26 May 2005

### BANK OF JAMAICA INTEREST RATES

Interest rates applicable to all Bank of Jamaica open market instruments have been reduced with effect from today, 26 May 2005.

The reductions range from 35 basis points on shorter-term instruments to 90 basis points at the longer end.

	30-day	60-day	90-day	120-day	180-day	270-day	365-day
<b>New Rate</b>	<b>12.60</b>	<b>12.70</b>	<b>12.75</b>	<b>12.85</b>	<b>13.00</b>	<b>13.25</b>	<b>13.60</b>
Previous Rate	12.95	13.10	13.20	13.30	13.45	14.00	14.50
<b>Reduction (bp)</b>	<b>35</b>	<b>40</b>	<b>45</b>	<b>45</b>	<b>75</b>	<b>90</b>	

These rate adjustments reflect the steady improvement in Jamaica’s economic environment as reflected in buoyant foreign exchange inflows, stability in the money and foreign exchange markets and a strong international reserve position. The positive medium-term outlook for Jamaica was endorsed by international investors during this week by their strong subscription to a 10-year bond at a reduced spread relative to rates on benchmark US Treasuries.

The near term prospects for production and prices continue to be very favourable with strong recovery expected in domestic agriculture as well as ongoing expansion in tourism and mining activities. The normalization of food supplies and continued stability in the foreign exchange market will help to contain inflation during this fiscal year.

**Bank of Jamaica**