



News Release
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BANK OF JAMAICA INTEREST RATES

Effective 04 August 2010, the interest rate payable on Bank of Jamaica 30-day Certificates of Deposit will be reduced by 50 basis points to 8.50 per cent.

This revision to the Bank's policy rate reflects the benign outlook for inflation. A slower than expected expansion in money supply and bank credit during the first quarter of the fiscal year has kept core or underlying inflation stable in the local economy. The recovery in global demand has also been sluggish and has contributed to relative stability in commodity prices. Thus, in the context of an exchange rate that has appreciated since the start of the fiscal year, the impulses to inflation from external sources have abated even further.

The Bank expects that inflation will end the fiscal year at the lower end of the target range 7.5 to 9.5 per cent. The main risk to the forecast is the disruption to supply that a hurricane or other severe weather conditions may cause.