



**New Release**  
**3 June 2010**

## **BANK OF JAMAICA INTEREST RATES**

Effective Friday 04 June 2010, the interest rate payable on BOJ 30-day Certificates of Deposit will be reduced by 50 basis points, that is, from 10.00 per cent to 9.50 per cent.

Inflationary impulses, particularly those related to recent tax measures, have abated while the prices of key imported commodities, especially oil, have also moderated. These developments are moving the likely outturn for inflation in FY 2010/11 towards the lower end of the forecast range of 7.5 per cent to 9.5 per cent.

Secondary trading of securities as well as successive auctions of Treasury Bills all indicate an endorsement by the market of the new interest rate norms. Treasury Bill yields have fallen below 10.00 per cent. Entrenchment of the lower interest rate structure has been supported by the appreciation of the exchange rate and the reduction of sovereign credit risk as reflected in falling yields on internationally traded GOJ bonds.

Despite the interruption to economic activity in the Kingston Metropolitan Area during the week of 24 May, the Bank's assessment of the outlook for growth in FY2010/11 remains largely unchanged. Some fall-out in tourism-related earnings is anticipated in the short run but the prospective reopening of a major alumina processing plant in June and the maintenance of business activity throughout most of Jamaica will contribute to a modest recovery in GDP growth in this fiscal year.

The Bank also believes that the on-going reforms embedded in the Government's economic programme will lead to a lasting improvement in public finances and debt management and will create a basis for longer term financial stability.