

24 August 2017

Bank of Jamaica Reduces Policy Interest Rate

Bank of Jamaica announces that, with effect from 25 August 2017, the rate offered on overnight placements with the Bank, the policy interest rate, will be reduced to **3.50 per cent** from 3.75 per cent.

The adjustment to the policy rate reflects the Bank's assessment that inflation will be within BOJ's inflation target of 4.0 per cent to 6.0 per cent for fiscal year 2017/18. This outlook has been reinforced by the Government's demonstrated commitment to maintaining a 7.0 per cent primary surplus for FY2017/18 and to meet the overall public sector fiscal targets under the precautionary Stand-By Arrangement. The continued tight fiscal policy posture supports a further easing in monetary conditions.

Jamaica's main economic indicators continue to improve in the context of a strong reform programme and a favourable external environment. Economic activity continues to expand although at a slower pace than its potential rate of growth. Other key macroeconomic indicators have been reflecting generally positive trends: inflation expectations remain firmly anchored in single digits, international reserves continue to rise, the current account of the balance of payments is projected to remain at a sustainable level, private sector credit is expanding strongly and market interest rates have been trending downwards.