

30 May 2016

**Bank of Jamaica Reduces Benchmark Interest Rate**

Bank of Jamaica announces that with effect from 31 May 2016, the rate offered on its benchmark 30-day Certificate of Deposit will be reduced to 5.00 per cent from 5.25 per cent. The rates applicable to the Bank’s lending facilities that are linked to this policy rate will correspondingly fall by a similar 0.25 percentage points.

The adjustment to the signal rate reflects the Bank’s assessment that the inflation outlook for FY2016/17 will continue to be favourable and is expected to be within the lower half of the 4.5 per cent to 6.5 per cent target range for the fiscal year. Although growth has been weaker than expected, macroeconomic indicators have been reflecting generally positive trends: inflation expectations remain firmly anchored in single digits, international reserves are above adequacy levels, the current account of the balance of payments is projected to be at a sustainable level, private sector credit is expanding, market interest rates have been trending downwards and the fiscal accounts continue to be strong.