



Press Release
25 February 2014

BANK OF JAMAICA SIX-MONTH REPURCHASE OPERATIONS (SMRO)

The Bank of Jamaica announces that it has completed six-month repurchase operations (SMRO) with deposit-taking financial institutions (DTIs) amounting to **J\$23,226.6 million** as at 24 February 2014. This supplements liquidity provided through the Standing Liquidity Facility (SLF) and the bi-monthly repurchase operations (RO) which were implemented in 2013. The SMRO provides Jamaica Dollar liquidity for a minimum of six months.

Repurchase transactions under the SMRO are priced at an interest rate of 0.75 percentage points above the current 30-day interest rate on open market instruments which is 5.75% per annum. In this context, the current interest rate for repurchase transactions under the SMRO is 6.50% per annum.

The operation provides DTIs with an opportunity to use existing assets, mainly GOJ Benchmark Investment Notes, to access Jamaica Dollar liquidity. The assurance of adequate Jamaica Dollar liquidity over a longer horizon will enable DTIs to commit to the funding of private sector projects.

Concurrently, DTIs have purchased two-year US dollar Certificates of Deposit (CDs) from the Bank. The interest rates on the US dollar CDs are tiered, based on the size of the deposit, and range between 4.0% per annum to 5.75% per annum. As at 24 February 2014, placements on these US dollar CDs amounted to **US\$245.0 million** at a weighted average interest rate of 5.21% per annum.

The Bank has maintained its 30-day open market interest rate at 5.75% per annum since February 2013 and will continue to monitor Jamaica Dollar liquidity conditions to ensure adequate liquidity to fund transactions within the financial system.