

News Release
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UPDATE ON BOJ CURRENCY ISSUE

For the period 22 to 31 December 2006, net currency issue to the banking system, building societies and cambios amounted to \$0.5 billion, or an increase of 1.3 per cent for the period. This increase contributed to a net currency issue of \$9.1 billion, or 27.4 per cent for the month of December, which is closely in line with the Bank’s projection of a 27.1 per cent increase.

Consistent with the projected pattern, the stock of currency issue peaked on 27 December at \$44.0 billion. This represented a net currency issue of \$10.8 billion, or 32.5 per cent for the month to that date and was higher than the Bank’s projection for that date. However, a strong redemption of \$1.6 billion on 29 December resulted in the stock of currency declining to \$42.3 billion at end December. The annual point to point currency issue as at 31 December 2006 was \$6.7 billion, or 18.7 per cent higher than the stock at end December 2005. This compares favorably to the 18.4 per cent increase projected by the BOJ.

The Bank of Jamaica expects that currency redemptions will continue into January as the need for greater cash holdings, and consequently, high precautionary balances at banks, declines. In this context, currency issue is expected to decline by at least 16.0 per cent to approximately \$36.0 billion, in January in keeping with the historical 5-year average.

