



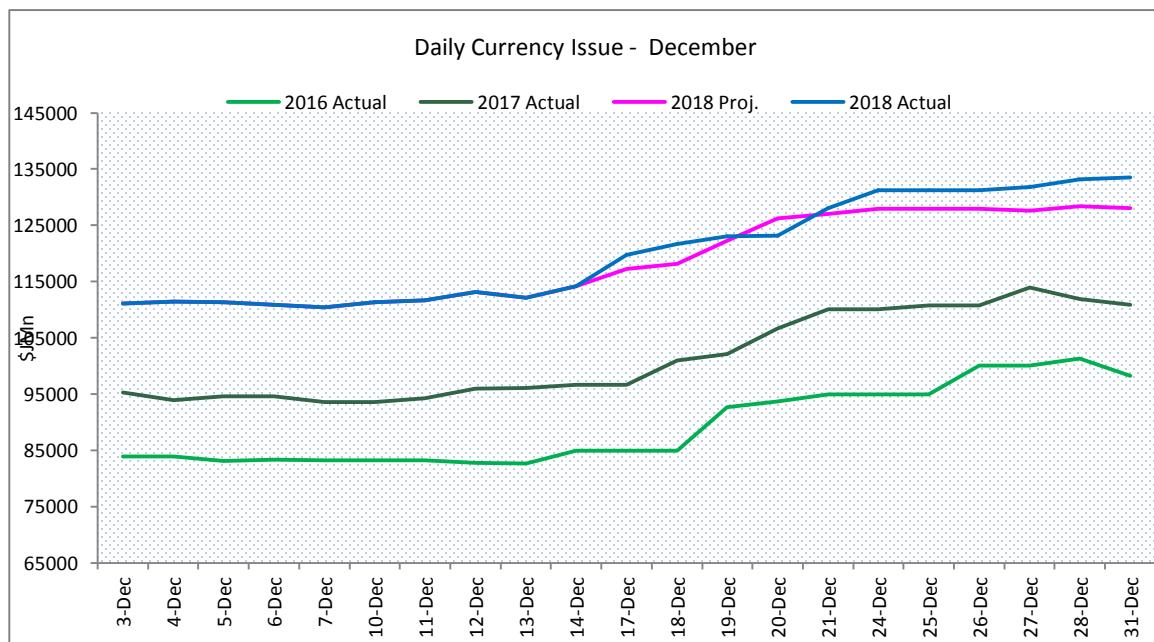
News Release: Currency Issue

02 January 2018

During the last six days of December 2018 (24 to 31 December), Bank of Jamaica recorded net currency issue of *\$5 457.1 million* to financial institutions (commercial banks, building societies and cambios). This was substantially above the Bank's projection for net issue of *\$412.4 million* as well as the *\$860.2 million* currency issue for the corresponding period of 2017 and average of *\$1 395.9 billion* over the past 5 years.

The currency issue for the week contributed to an overall growth of *\$23.6 billion* or *21.4 per cent* in the currency stock for December 2018, above the Bank's projection for growth of *\$18.1 billion* or *16.5 per cent*. The increase for the month also exceeded that for December 2017 (*16.5 per cent*) and was the largest growth in a December month since 2007. The faster currency growth possibly reflected improved GDP growth, employment and retroactive wage settlements during the period.

Figure 1



At 31 December 2018, the currency stock amounted to *\$133.5 billion*, representing an annual increase of *20.4 per cent*, relative to annual growth of *12.9 per cent* at end-December 2017. When the estimated change in consumer prices is taken into account, the real annual growth in currency at end-December 2018 was *15.9 per cent*, compared to *7.3 per cent* for the corresponding period in 2017.

The Bank is anticipating that most of the currency issued during December 2018 will be redeemed during January 2019. For the last five years, net currency redemption in January averaged *75.8 per cent* of the net currency issued in the preceding month.

Background

Bank of Jamaica (BOJ) issues and redeems notes and coins daily in order to meet the demand for cash from individuals and businesses. There is normally a stronger demand for currency during the month of December, associated with increased spending over the holiday period. Financial institutions therefore request more currency from BOJ to satisfy this demand.

Glossary:

- ***Currency Issue:*** refers to Jamaican notes and coins in the hands of the public (currency in circulation) in addition to notes and coins held by financial institutions in their vaults (vault cash). Bank of Jamaica redeems (buys) or issues (sells) notes and coins to financial institutions when institutions have a demand for cash. The difference between currency issued and that which is redeemed during a period of time is referred to as net currency issue.
- ***Currency Stock or Currency in Circulation:*** (see *Currency Issue*)
Real Currency Growth: reflects the percentage change in the real stock of currency. The real stock of currency at the end of each month is calculated as the currency stock divided by the consumer price index (CPI) for that month.