

21 September 2017

BANK OF JAMAICA INTRODUCES MIDDAY FX TRADING RATE

As promised earlier this year, Bank of Jamaica advises that **effective Monday, 25 September 2017**, mid-day rates for the four major currencies traded in the local market (USD, CAD, GBP and Euro) will be published on the Bank of Jamaica website.

The new midday rates will be published at 1p.m. each day.

This rate publication will reflect all foreign-currency market transactions reported up to 12:30pm each business day. It will be in addition to the existing comprehensive foreign exchange report encompassing overall market activity which BOJ now publishes at the end of each working day.

The midday rate will immediately impact the way the central bank buys foreign exchange from the market. Bank of Jamaica currently buys a percentage of the daily foreign exchange purchases of all authorized dealers and cambios (excluding inter-dealer trades) in what is called a surrender arrangement, and these transactions are now settled at the previous day's weighted average exchange rate. As of 25 September 2017, the settlement rate for these surrenders will be the new mid-day rate. Since conditions can change from day to day, using a same-day rate will automatically make these transactions a better reflection of market conditions in real time, and thus more accurate and transparent.

The move is in keeping with the central bank's ongoing efforts to modernize Jamaica's foreign exchange market, especially from the standpoint of how the central bank interacts with it, as well as encouraging authorized dealers and cambios to trade more among themselves. In addition to boosting the efficiency of the market, these modernizations also intend to increase transparency, so that in addition to the market working better to suit all participants, published rates and trends are at any given time a more accurate reflection of actual market conditions.