



News Release
17 December 2009

BANK OF JAMAICA INTEREST RATES

Effective Friday, 18 December 2009, the interest rates applicable to Bank of Jamaica's open market instruments will be reduced by 200 basis points. The benchmark six-month rate will therefore move from 17 per cent per annum to 15 per cent. The full schedule of BOJ rates is set out below.

	30-days	60-days	90-days	120-days	180-days
New Rates (%)	10.50	11.00	13.50	13.70	15.00
Previous Rates (%)	12.50	13.00	15.50	15.70	17.00

The positive trends in key economic indicators (inflation, the balance of payments and the exchange rate) are expected to be sustained over the medium term. This outlook is underscored in the economic programme agreed with the Staff of the International Monetary Fund. The programme is underpinned by a package of policy measures geared towards fiscal and debt sustainability which is expected to lay the foundation for a stable macroeconomic environment and sustained growth.

While we anticipate a temporary shock to inflation over the next three months arising from fiscal measures, the longer term outlook still points to single digit inflation. The increased access to concessionary external financing that the Stand-By Agreement with the Fund would facilitate (at least US\$1.3 billion) will significantly enhance the ability of the BOJ to maintain market stability.