



News Release

26 June 2008

Interest rates payable on Bank of Jamaica Certificates of Deposit will be increased by 50 basis points with effect from Thursday, 26 June 2008.

The rates that will apply to placements from 30 days to 365 days are set out below.

Tenor	30 day	60-day	90-day	120-day	180-day	365-day
New rates	14.00	14.20	14.40	14.50	14.70	15.50
Previous rates	13.50	13.70	13.90	14.00	14.20	15.00

The adjustment in rates is aimed at guiding domestic inflation towards a range of 12 – 15 per cent by March 2009, based on current projections for commodity prices. The prime impetus behind the acceleration in inflation over the past 6 to 8 months has been the sharp rise in the prices of internationally traded food and petroleum products. This spike in the cost of imported goods is being reflected in expectations of higher wages as well as a demand for increased returns on investments. If left unchecked, this trend will lead to further adjustments in the prices of domestic goods and services even when the prices of internationally traded goods recede. The tightening of monetary policy by the Bank of Jamaica is consistent with the response of most central banks to the global rise in inflation expectations.

The other key indicators of macroeconomic health remain satisfactory. Financial markets have been stable, the net international reserves are above programme expectations and there are clear indications of a revenue-led improvement in public finances. The Bank will continue to monitor the international environment and adjust policy as necessary to achieve domestic objectives.