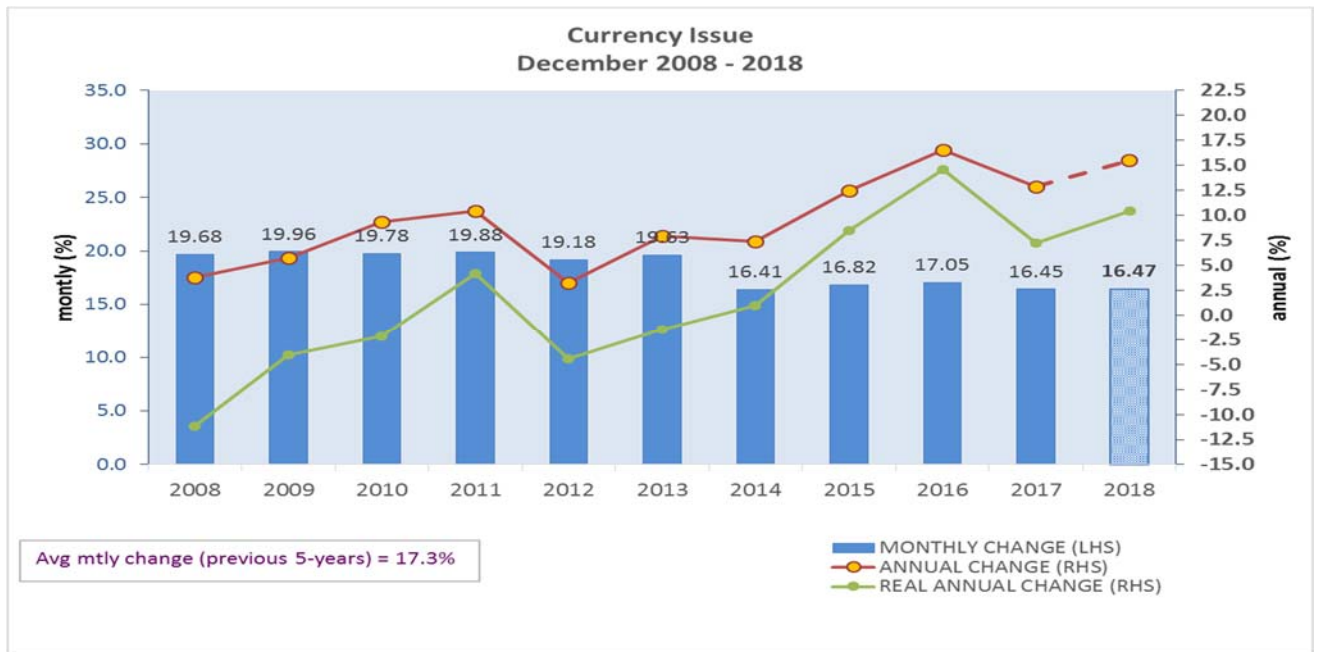


19 December 2018

NEWS RELEASE: CURRENCY ISSUE

Bank of Jamaica projects that the value of currency issued by the Bank will increase by approximately *\$18.1 billion (or 16.5 per cent)* in December 2018 to end the month at *\$128.1 billion* (see **Figure 1**). This projected growth for the month is broadly consistent with the 16.5 per cent growth recorded for December 2017 as well as the five-year average growth rate of *17.3 per cent* for December.

Figure 1

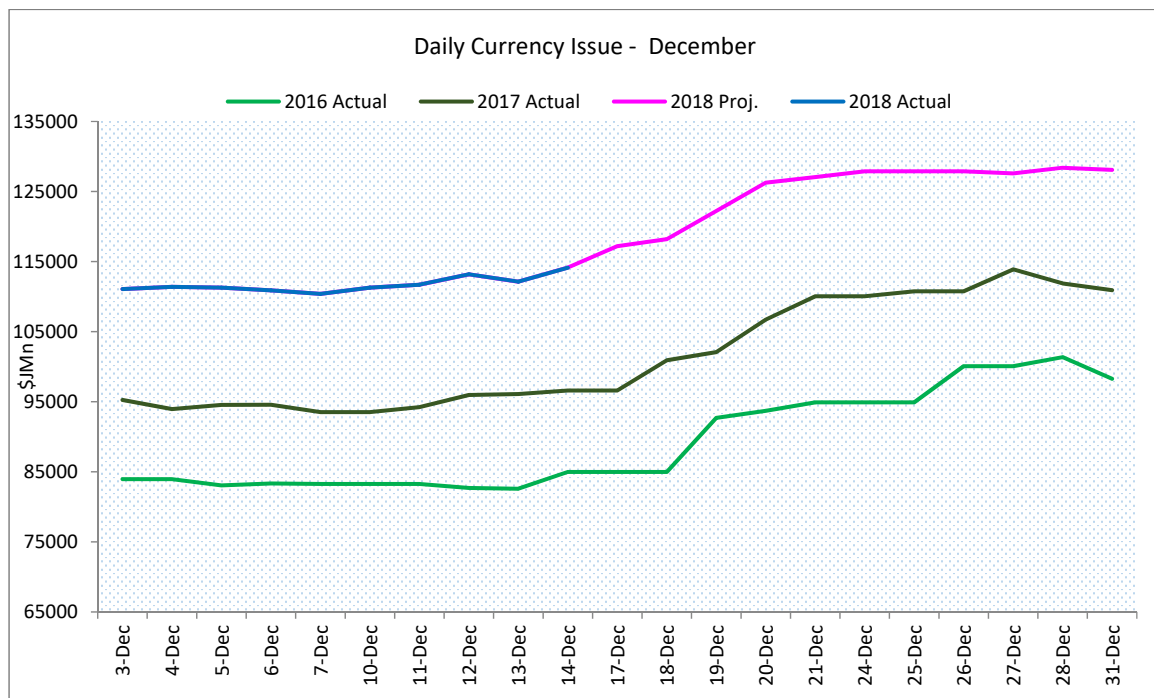


The projected currency stock of *\$128.1 billion* at end-December 2018 represents an annual growth of *15.5 per cent*, an acceleration when compared with the *12.9 per cent* recorded at December 2017. When the forecasted change in the general level of consumer prices is taken into account, the projected real growth in currency for the 2018 is *10.5 per cent*, which is higher than the real growth of *7.3 per cent* for the previous year. This projected acceleration in the growth in real currency demand for December 2018 is consistent with the higher growth rate that has been evident between August and November

2018, possibly associated with a strengthening in real GDP growth and employment over the second half of the year.

BOJ net issued *\$4.2 billion* in currency for the period 01 to 14 December 2018 (representing a *3.8 per cent* growth for the month to date). This compares to net currency issue of *\$1.4 billion* over the same period in 2017 (see Figure 2). Consequently, as at 14 December 2017, the stock of currency in the hands of the public and in the vaults of financial institutions amounted to *\$114.1 billion*.

Figure 2



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.