



**News Release**  
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## **BANK OF JAMAICA RESERVE REQUIREMENTS**

Effective 01 July 2010, the cash reserve requirements of deposit-taking institutions supervised by the Bank of Jamaica will be reduced by two percentage points (2%) to twelve per cent (12%).

This reduced requirement applies to their Jamaica Dollar liabilities. The cash reserve requirement applicable to foreign currency deposits which was reduced in March 2010 remains at nine per cent (9%).

Liquid assets requirements against Jamaica Dollar liabilities will be also reduced by two percentage points (2%) to twenty-six per cent (26%), while the liquid assets requirements against foreign currency liabilities remain at twenty-three per cent (23%).

Reserve requirements were increased in 2008/09 as part of the response to the deterioration in financial market conditions triggered by the global economic downturn. These global market conditions are improving and domestic financial markets are stable. The release of the cash reserves will increase the pool of loanable funds by some J\$ 4.5 billion and allow for a further easing in credit conditions.

These adjustments form part of a general easing of monetary policy that is consistent with the improved outlook for inflation and the relatively weak demand conditions in the economy. The projected path for inflation for this fiscal year continues to trend towards the lower end of the target range of 7.5 per cent to 9.5 per cent.