QUARTERLY MONETARY POLICY REPORT

January – March 2014
Volume 14 No. 4
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Bank of Jamaica

Quarterly Monetary

Policy Report

January – March 2014

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ISSN 0799 1037

The report is available in PDF format at the Bank's website.

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CONTENTS

PREFACE

Bank of Jamaica's Quarterly Monetary Policy Report reviews the conduct of monetary policy and the main factors that influence inflation. It also presents the Bank's perspective on emerging economic trends and the path of monetary policy over the short- to medium-term.

The developments in the review quarter are set against policy targets for the fiscal year which runs from April to March. In some instances the data used in the preparation of the report are provisional and are therefore subject to change.

OVERVIEW

Recent Developments

The Bank of Jamaica (BOJ) maintained its signal rate, the rate on the 30-day Certificate of Deposit (CD), at 5.75 per cent during the March 2014 quarter. In addition, the rate on the Bank's overnight instrument remained at 0.25 per cent while the local currency cash reserve and liquid asset requirements were maintained at 12.0 per cent and 26.0 per cent, respectively. This policy stance was influenced by a favourable inflation outlook, weak domestic demand and a need to meet the net international reserves (NIR) target.

For the review quarter, the Bank continued to augment its liquidity management operations through issues of special open market operations (OMO) securities as well as offering repurchase arrangements. These operations were enhanced on 14 February 2014 with the offer of a Six-Month Repurchase Operation (SMRO), which provided Jamaica Dollar liquidity to deposit-taking institutions (DTIs) that made placements on BOJ's foreign currency CDs with a minimum tenor of two years. The SMRO augmented the liquidity provided via the Bi-Monthly Repurchase Operation (BMRO) and the Standing Liquidity Facility (SLF), which were introduced in the December 2013 quarter as well as the regular overnight repurchase agreements. Notably, the Bank also issued four US dollar CDs of varying tenors during the quarter.

In this regard, the net effect of the Bank's OMO for the review quarter was an injection of $19.4 billion. In addition, the Bank injected liquidity through the net purchase of foreign currency. The impact of these liquidity injections was partially offset by absorptions from the Government's operations.

For the review quarter, the weighted average selling rate (WASR) of the Jamaica Dollar vis-á-vis the US dollar depreciated by 2.9 per cent, following depreciation of 2.6 per cent and 2.1 per cent for the December and September 2013 quarters, respectively. The uptick in the pace of depreciation for the review quarter occurred in the context of a concentration of foreign currency supply in a few entities and elevated concerns about the country's ability to meet the NIR target under the Extended Fund Facility (EFF). In the context of the faster pace of depreciation, net demand for current account transactions fell during the quarter. The increased pace of depreciation coupled with a reduction in inflation resulted in gains in external price competitiveness for the quarter and the fiscal year.

Headline inflation for the March 2014 quarter fell to 1.7 per cent from 1.9 per cent for the December 2013 quarter. The outturn for the review quarter primarily reflected the impact of the rise in international oil prices, the lagged impact of the continued depreciation of the domestic currency and to a lesser extent an upward adjustment in the National Minimum Wage. However, weak domestic demand and some improvements in domestic supply conditions moderated inflation for the quarter. Inflation for FY2013/14 was 8.3 per cent, which was below the Bank's target range of 8.5 per cent to 10.5 per cent as well as the outturn of 9.1 per cent for the previous fiscal year.

For the March 2014 quarter, real Gross Domestic Product (GDP) is estimated to have recorded a third consecutive quarter of growth in the range of 1.0 per cent to 2.0 per cent. The continued expansion in real GDP occurred in a context of higher external demand, greater use of productive capacity and favourable weather conditions. The main sectors estimated to have driven this performance were ***Agriculture, Forestry & Fishing***, ***Mining & Quarrying***, ***Construction*** and ***Hotels & Restaurants***.

Broad Jamaica Dollar money supply (M3J) declined by 0.7 per cent for the March 2014 quarter. This outturn was generally in line with the performance for the corresponding quarter of the previous fiscal year but represented a smaller reduction than the average decline of 1.2 per cent for the last five March quarters. Notwithstanding the contraction for the review quarter, M3J expanded by 4.7 per cent for FY2013/14 following an increase of 2.0 per cent for the previous fiscal year.

The main source of contraction in M3J for the review quarter was a decline in banking sector credit to the public sector. The impact of this contractionary impulse was partly offset by liquidity injection from an increase of US$255.8 million in the (NIR) to US$1 303.6 million. For

FY2013/14, the monetary base expanded generally in line with the programme target under the EFF and as such, both the targets for the NIR and net domestic assets (NDA) are assessed to have been comfortably met.

Outlook

The Bank is projecting continued expansion in domestic output is the range of 1.0 per cent to 2.0 per cent for FY2014/15, while inflation is forecast to be in the range of 7.0 per cent to 9.0 per cent. This growth outlook is predicated on the assumption that the global economy will maintain its steady pace of recovery in response to an extended period of expansionary monetary policy by central banks in a number of major economies. The inflation outlook incorporates the impact of moderate increases in international grains prices, some pass-through of exchange rate depreciation to domestic food prices as well as the impact, though negligible, of revenue measures. Overall, Jamaica's economic performance should continue to reflect improvement consistent with continued gains in external competitiveness.

For the June 2014 quarter, real GDP is projected to grow within the range of 0.5 per cent to 1.5 per cent. This largely reflects projections for recovery within ***Agriculture, Forestry & Fishing*** and ***Mining & Quarrying***.

Headline inflation for the June 2014 quarter is forecasted to be within the range of 1.0 per cent to 2.0 per cent. The projection reflects increases in the prices of processed foods, the impact of the announced revenue measures and an increase in domestic energy costs reflecting the lagged effect of moderately higher prices for crude oil. However, price increases should be constrained by weak domestic demand as well as declines in international grains prices for the quarter.

Against this background, the Bank's monetary policy stance will remain conservative, consistent with the inflation outlook. In addition, the Bank will remain focused on managing Jamaica Dollar liquidity to meet the monetary targets outlined under the EFF.

1. International Developments

Table 1.1

Selected GDP Growth Rates (Quarter-over-Quarter percentage change at annual rates)			
	Sep-13	**Dec-13**	**Mar-14**
Advanced Economies			
USA	4.1	2.6	0.1
Canada	2.7	2.9	1.6
Japan	0.9	0.7	4.4
UK	1.8	2.7	2.9
Euro area	-0.3	0.5	1.0
Emerging Market Economies			
China	7.8	7.7	7.4
Russia	1.3	2.0	0.9
Brazil	2.2	1.9	2.0

Sources: Bloomberg Consensus Forecasts and BOJ estimate.

The pace of global economic growth is estimated to have decelerated in the March 2014 quarter relative to the previous quarter. This marginal slowdown reflected a moderation in real output for the USA, the impact of which was partly offset by an acceleration in economic growth for Japan, the UK and the Euro area.

Jamaica's major trading partners recorded mixed inflation outturns for the review quarter. There was an acceleration in inflation in the USA and Canada, reflecting the impact of higher food prices, particularly grains. In contrast, there was a deceleration in inflation in China and the UK, principally due to lower domestic food and transportation costs, despite a rise in international oil prices.

Average interest rates on US Treasuries were unchanged relative to the previous quarter in the context of unfavourable macroeconomic developments in the USA as well as the commencement of tapering of the Federal Reserve's bond purchase programme (QE3). Whereas interest rates on emerging market bonds rose, rates on the Government of Jamaica global bonds (GOJGBs) fell during the quarter. The decline in yields on GOJGBs was influenced by a successful third review by the International Monetary Fund (IMF) and an upgrade in Jamaica's sovereign credit rating by Fitch Ratings Inc and Moody's Investor Services.

The pace of global economic growth is estimated to have decelerated during the March 2014 quarter.

Global Economic Growth

Growth in global economic output is estimated to have decelerated in the March 2014 quarter driven primarily by lower expansion in the USA. Within the advanced economies, there was a deceleration in the pace of expansion real output for the USA and Canada while growth in the Japan, the UK and the Euro area is estimated to have accelerated (see **Table 1.1**).

Growth in the USA is estimated to have moderated.

Real output for the USA is estimated to have grown by 0.1 per cent in the March 2014 quarter, based on a preliminary estimate by the US Bureau of Economic Analysis, in comparison to growth of 2.6 per cent in the previous quarter.

The moderation in growth was largely attributable to the severe winter which had a negative impact on most sectors including the housing and labour markets. In this regard, residential investment was estimated to have declined during the quarter. The adverse weather conditions also tempered the pace of growth in output in Canada as a result of disruptions to sales and hiring.

Japan's economy is estimated to have expanded by 4.4 per cent relative to growth of 0.7 per cent in the previous quarter. This acceleration largely reflected increased consumption expenditure resulting from the positive effects of the bond purchase programme by the Bank of Japan.

For China, real output is estimated to have decelerated by 0.3 percentage point (pp) to 7.4 per cent, relative to the December 2013 quarter. This performance mainly reflected slower growth in the real estate sector and a moderation in investment.

The Euro area economy is estimated to have expanded at a faster rate relative to the previous quarter.

Regarding the Euro area, real output is estimated to have accelerated to 1.0 per cent, mainly driven by a stronger external sector. The continuation of expansionary monetary policy measures by the European Central Bank (ECB) also led to an improvement in demand conditions in the region.

Unemployment

The average unemployment rate for the USA declined by 0.3 pp (see **Table 1.2**). In contrast, the average unemployment rates for Canada and the Euro area were unchanged from the previous quarter. The reduction in the unemployment rate for the USA primarily reflected a decline in the number of unemployed persons relative to the labour force. For the Euro area, the unchanged unemployment rate principally reflected increased unemployment in Italy, the impact of which was offset by declines in Germany and Spain.

Average Unemployment Rate for Selected Economies
(Per cent)

	USA	Canada	Euro area
Jun-13	7.5	7.1	12.0
Sep-13	7.2	7.1	12.0
Dec-13	7.0	7.0	11.9
Mar-14	6.7	7.0	11.9

Source: Official statistics offices

Table 1.3

Annual Point-to-Point Inflation for Selected Economies (quarterly averages) Jun 2013 – Mar 2014					
	USA	**Canada**	**UK**	**China**	**Euro**
Jun-13	1.4	0.8	2.7	2.4	1.4
Sep-13	1.6	1.2	2.7	2.8	1.3
Dec-13	1.2	0.9	2.1	2.9	0.8
Mar-14	1.4	1.1	1.8	2.4	0.7

Source: Official statistics offices

Table 1.4

Selected Import/Export Prices (period averages) (Per cent change relative to previous period)			
	Sep-13	**Dec-13**	**Mar-14**
TOT	**0.4**	**-4.3**	**1.6**
IPI	**4.8**	**-4.1**	**1.8**
Crude Oil	12.3	-7.9	1.2
Soybeans	4.3	5.5	0.0
Corn	-17.0	-17.6	5.3
Rice	-11.9	-7.2	0.2
Wheat	-4.3	3.7	-3.9
EPI	**5.2**	**-8.2**	**3.4**
Aluminium*	-2.3	-0.8	-3.6
TIPI**	5.6	-14.3	3.7

Source: World Bank Pink Sheets, BOJ

****Aluminium is the proxy used for alumina prices,***
***** Tourism Implicit Price Index***

Jamaica's TOT improved, reflecting a faster rate of increase in export prices relative to import prices.

Inflation

For the March 2014 quarter, the 12-month point-to-point inflation outturns for Jamaica's major trading partners were mixed (see **Table 1.3**). Inflation was higher for the USA and mainly reflected increases in the prices for food and beverages as well as housing. Similarly, an acceleration in Canada's inflation rate mainly reflected higher prices for food and shelter. For the UK, there was a deceleration in inflation which largely reflected lower costs for food and non-alcoholic beverages as well as transport. A deceleration in China's inflation mainly mirrored a reduction in the cost for food.

Jamaica's Terms of Trade

Jamaica's terms of trade (TOT) index improved by 1.6 per cent for the March 2014 quarter relative to the December 2013 quarter (see **Table 1.4**). The improvement reflected an increase of 3.4 per cent in the Export Price Index (EPI), the impact of which was dampened by a 1.8 per cent increase in the Import Price Index (IPI).

The estimated improvement in the EPI was underpinned by an increase of 3.7 per cent in the Tourism Implicit Price Index (TIPI), relative to a decline of 14.3 per cent in the previous quarter. This increase in the TIPI reflected higher average tourist expenditure for the quarter. The estimated increase in the IPI reflected higher prices for crude oil and some international agricultural commodities. Crude oil prices rose by 1.2 per cent to an average of US$98.67 per barrel (bbl), due primarily to the impact of geopolitical tensions between Russia and The Ukraine on global supplies. Additionally, higher oil prices were supported by increased demand for distillate fuel, particularly heating oil, consequent on severe winter in North America.

Increased agricultural raw material prices reflected higher corn prices due to reduced supplies in South America, stemming from drought conditions during the harvest period. In this regard, the Bank's agricultural raw material sub-index is estimated to have risen by 0.3 per cent, largely reflecting an increase of 5.3 per cent in corn prices. The impact of this was

Table 1.5

Selected Benchmark Interest Rates: Advanced Economies Dec. 2013 – Mar. 2014				
	USA[a]	UK[b]	Euro area[b]	Canada[c]
Dec.	0 - 0.25	0.5	0.25	1.0
Jan.	0 - 0.25	0.5	0.25	1.0
Feb.	0 - 0.25	0.5	0.25	1.0
Mar.	0 - 0.25	0.5	0.25	1.0

Source: central banks

[a] Fed funds rate

[b] Repo rate

[c] Overnight rate

Table 1.6

Selected Benchmark Interest Rates: Emerging Economies Dec. 2013– Mar. 2014				
	China[a]	Russia[b]	India[c]	Brazil[d]
Dec.	6.0	8.25	7.75	10.0
Jan.	6.0	8.25	8.0	10.8
Feb.	6.0	8.25	8.0	10.8
Mar.	6.0	8.25	8.0	10.8

Source: Central Banks

[a] Benchmark lending rate

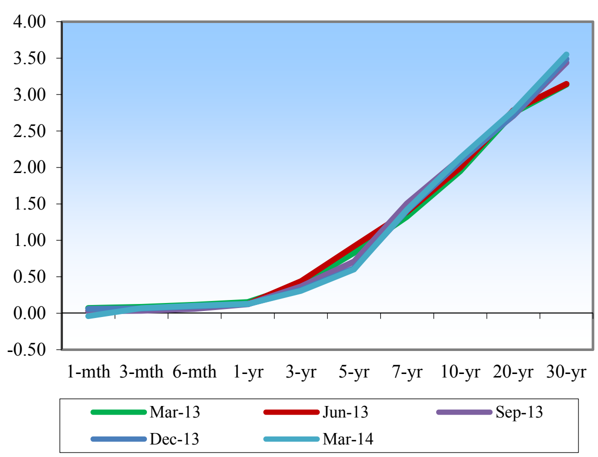
[b] Refinancing rate

[c] Repo rate

[d] SELIC rate

Figure 1.2

US Treasury Yield Curve



Source: Bloomberg

partially offset by a 3.9 per cent decline in wheat prices, as average soybean prices were unchanged.

Monetary Policy

Central banks in the major advanced and emerging market economies largely maintained an expansionary monetary policy stance in the March 2014 quarter Interest rates on the marginal lending facility for these advanced economies were unchanged in an effort to promote improvement in demand conditions (see **Table 1.5**). However, the Federal Open Market Committee (FOMC) reduced its pace of monthly bond purchases by US$10 billion in both January and February 2014. In March, against the background of an improvement in US labour market conditions, the FOMC announced plans to further reduce monthly bond purchases by an additional US$10 billion in April 2014.

The tapering by the Federal Reserve had an adverse impact on the currencies of some emerging markets economies. Consequently, the central banks of India and Brazil increased their rates by 25 bps and 80 bps, respectively in an effort to mitigate inflationary pressures stemming primarily from currency depreciation (see **Table 1.6**).

Selected Sovereign Bond yields

For the review quarter, the average yield on secondary market trades for US Treasury bills (USTBs) was unchanged, relative to the previous quarter, in response to unfavourable macroeconomic developments in the USA and the Fed's decision to commence the tapering of QE3 (see **Figure 1.2**). The unchanged average yields mainly reflected the impact of a fall in average yield on short-term bonds, the impact of which was offset by an increase in the average yield on long-term bonds.

In the context of the foregoing, there was a widening in the average spread between the 3-month USD LIBOR and the 3-month USTB (TED spread), an indicator of risk, by 2 bps to average 20 bps (see **Table 1.7**).

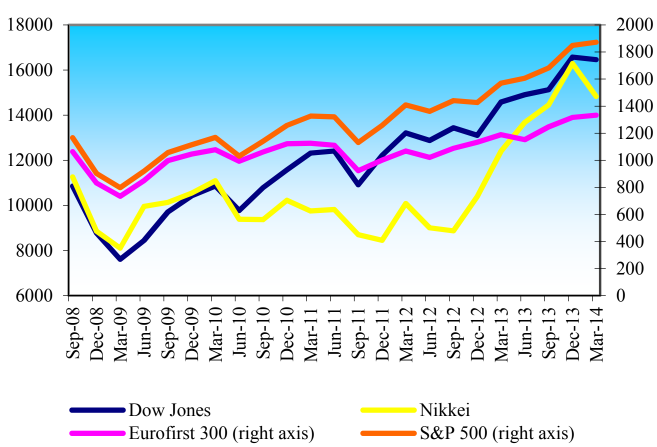
Table 1.7

Selected Market Interest Rates (period averages)			
	3-month USD LIBOR	3-month US Treasury bill	TED Spread (bps)
Jun-13	0.27	0.05	22
Sept-13	0.25	0.03	22
Dec-13	0.25	0.06	19
Mar-14	0.26	0.06	20

Source: British Bankers' Association

Figure 1.3

Selected Stock Market Indices



Source: Bloomberg

Emerging Market Bonds

Average yields on some emerging market bonds continued to rise in the March 2014 quarter. Accordingly, the emerging market bond index (EMBI+) rose by 18 bps to 6.30 per cent. The spread between the EMBI+ and USTBs widened by 18 bps to 5.19 per cent. The higher yields on emerging market debt could be ascribed to concerns surrounding the curtailment of the Federal Reserve's bond purchases which led to a weakening of emerging market currencies. In contrast, the average yield on GOJGBs fell by 30 bps to 8.00 per cent during the quarter, underpinned by a third successful review by the International Monetary Fund (IMF) under the Extended Fund Facility (EFF) as well as an upgrade in Jamaica's sovereign credit rating by rating agencies. Specifically, Fitch Ratings Inc. upgraded Jamaica's long-term debt to 'B-' from 'CCC', with a stable outlook. Similarly, Moody's Investor Services raised the outlook on Jamaica's Caa3 sovereign rating to positive from stable. In this context, the spread between GOJGBs and USTBs narrowed by 31 bps to 6.90 per cent.

Equities

The performance of selected stock market indices was mixed during the March 2014 quarter. In particular, the S&P 500 and the Eurofirst 300 indices both rose by 1.3 per cent. However, the Dow Jones Industrial Average (DJIA) and the Nikkei fell by 0.7 per cent and 9.0 per cent, respectively (see **Figure 1.3**).

The outturn for the S&P 500 stock index was largely influenced by better-than-expected corporate earnings for some companies.[1] Conversely, the decline in the DJIA could be attributed to negative corporate earnings reports, primarily evidenced in the weak performance of several key stocks in this index.[2] The performance of the Eurofirst 300 Index was chiefly driven by favourable economic developments in the Euro area.

[1] The S&P 500′s big gainers were Forest Nabors Industries and Keurig Green Mountain.

[2] Boeing, Goldman Sachs Group and General Electric all declined during the quarter.

Table 1.8

(Currency/US$) (Quarterly Percentage Change)			
	Sep-13	**Dec-13**	**Mar-14**
Advanced Economies			
GBP vs. US$	1	4.3	2.2
Canadian $ vs. US$	-1.5	-1	-4.9
Yen vs. US$	-0.3	-1.6	-2.2
Euro vs. US$	1.4	2.7	0.7
Emerging Market Economies			
Real vs. US$	-10.4	0.4	-3.7
Yuan vs. US$	0.5	0.6	-0.2
Peso vs. US$	-3.3	-0.9	-1.6

Sources: Bloomberg

+ indicates an appreciation of the currency against the US$

– indicates a depreciation of the currency against the US$

Foreign Exchange Market

For the review quarter, most currencies of selected advanced and emerging market economies depreciated against the US dollar (see **Table 1.8**). Of note, the Canadian dollar depreciated by 4.9 per cent amidst unfavourable economic reports and lower commodity prices, particularly for wheat. The Japanese Yen depreciated largely as a result of the central bank's ongoing stimulus programme. In addition, the Brazilian Real and the Mexican Peso depreciated against the background of the Federal Reserve's moderation of asset purchases. In contrast, the Great British Pound and the Euro appreciated in the context of an improvement in macroeconomic conditions during the quarter.

2. Monetary Policy and Financial Markets

Figure 2.1

Interest rate on BOJ's 30-day Certificate of Deposit

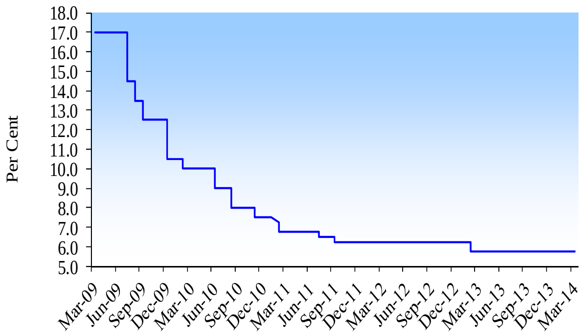


Table 2.1

Base Money Indicators	Outturn Dec'13 Quarter	Outturn Mar'14 Quarter	% Change
Net International Reserves			
(US$ MN.)	1 047.8	1 303.6	24.4
(J$MN.)	111 468.2	138 679.5	24.4
Net Domestic Assets (J$MN.)	-7 834.8	-44 251.5	-464.8
Monetary Base (J$MN.)	103 633.4	94 428.0	-8.9

Money & Credit

Monetary Policy and Base Money Management

The Bank of Jamaica (BOJ) maintained the rate on the 30-day Certificate of Deposit (CD) at 5.75 per cent throughout the March 2014 quarter in the context of a favourable inflation outlook and the Bank's objective for meeting the monetary targets in the economic programme. In addition to its regular instruments, the Bank continued to manage Jamaica Dollar liquidity through issues of regular and special OMO securities as well as offering repurchase arrangements. Notably, the Bank offered a special Six-Month Repurchase Operation (SMRO) to deposit-taking financial institutions (DTIs) during the March 2014 quarter. Against this background, for the review quarter, the Bank's OMOs net injected liquidity into the system, largely reflecting the support provided via repurchase agreements and the net unwinding of placements overnight with the BOJ.

For the March 2014 quarter, the monetary base contracted by 8.9 per cent, reflecting the seasonal decrease in currency. This reduction was however, sharper than the 6.5 per cent recorded in the March 2013 quarter and the average of 6.2 per cent for the March quarters of the last five years.

For the review quarter, the Bank maintained its policy rate at 5.75 per cent and the rate on its overnight instrument at 0.25 per cent (see **Figure 2.1**). In addition, the domestic currency cash reserve and liquid assets requirements were maintained at 12.0 per cent and 26.0 per cent, respectively. This decision to hold the policy rate at the current level was informed by a favourable inflation outlook and weakness in the domestic economy notwithstanding recovery in GDP. Despite this outlook, inflation expectations remained elevated (see **Inflation**). The Bank's policy stance also continued to be focused on meeting the monetary targets outlined in the economic programme.

Figure 2.2
Base Money
(Quarterly Change)

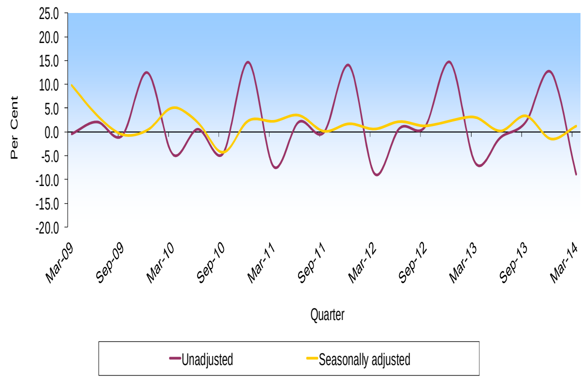
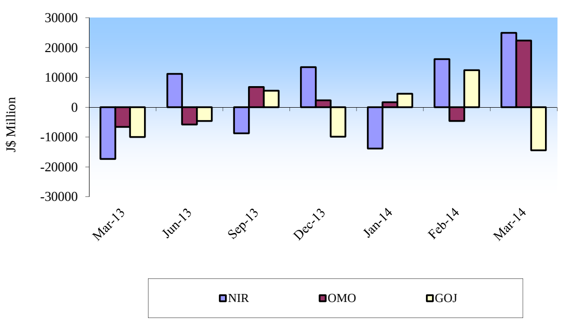


Figure 2.3
*Effects of the NIR, GOJ & OMO on Liquidity**



* Absorption – negative; Injection – positive

During the March 2014 quarter, the Bank continued to manage Jamaica Dollar liquidity through issues of regular and special OMO securities as well as offering repurchase arrangements. In particular, 10 variable rate (VR) CDs and 2 USD Indexed bonds were offered to primary dealers and commercial banks during the quarter (see **Bond Market**). These special instruments absorbed $12.6 billion. On 14 February 2014, the BOJ offered a Six-Month Repurchase Operation (SMRO) which provides Jamaica Dollar liquidity to DTIs that make placements in foreign currency CDs with the Bank with a minimum tenor of two years. This operation augmented the liquidity provided via the Bi-monthly Repurchase Operation (BMRO), the Standing Liquidity Facility (SLF) and normal overnight arrangements.[3,4] At end-March 2014, liquidity provided through the SMRO and BMRO totalled $42.0 billion and $21.5 billion, respectively. The SLF provided daily average liquidity of $1.3 billion for the quarter. Total foreign currency deposits associated with SMRO was US$385.0 million and £44.0 million at end-March 2014. The liquidity support provided during the quarter facilitated increased placements on special OMO instruments.

Against this background, the monetary base contracted by $9.2 billion (8.9 per cent) for the March 2014 quarter relative to the reduction of $6.4 billion (6.5 per cent) for the March 2013 quarter (see **Figure 2.2**). This decline in base money was largely reflected in net currency redemption of $8.7 billion (12.5 per cent) relative to a decline of $7.0 billion (10.9 per cent) in the March 2013 quarter. The performance of base money in the March 2014 quarter resulted in growth of 3.4 per cent for FY2013/14 compared to 9.1 per cent for FY2012/13.

The contraction in the monetary base in the March 2014 quarter was influenced by a decline of $36.4 billion in the NDA as there was an increase of $27.2 billion (US$255.8 million) in the NIR. Within the NDA, there was a net build-up in Central Government deposits at the Bank (see **Figure 2.3**).

[3] The BMRO provides financing with a two week tenor to DTI's. The total allocation under the Facility is determined in each period by the BOJ.
[4] The SLF provides automatic access to overnight financing to DTI's on a continuous basis. The total size of the Fund is limited and there are restrictions on the amount each institution can access as well as the regularity with which they can use the facility each month.

Table 2.2

Quantitative Performance Criteria* Monetary Targets - March 2014 Quarter		
	Criteria	Outturn
Cumulative change in NIR (floor)	13.9	264.7
Cumulative change in NDA (ceiling)	-2.2	-37.4

*Quantitative Performance Criteria relative to December 2012 quarter and valued at IMF programme rate, reflecting appropriate adjusters for specified flows.[5]

In a context where the Bank also net purchased US$89.6 million in foreign currency from the market in addition to the foreign currency deposits, the NIR and net domestic assets (NDA) targets outlined in the programme for the March 2014 quarter were comfortably met (see **Table 2.2**).

[5] Adjusters represent the amount by which the NIR target will be modified to account for deviations from programme projections of financing receipts from multilateral institutions as well as changes in the BOJ's foreign liabilities to residents.

Figure 2.4
Money Supply
(Quarterly Growth Rates)

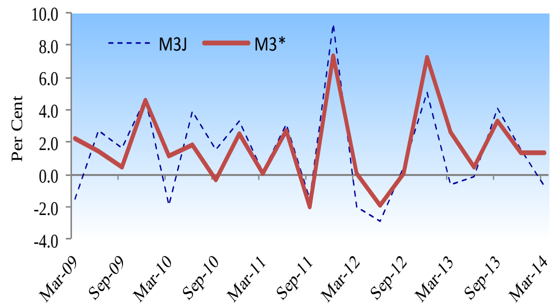
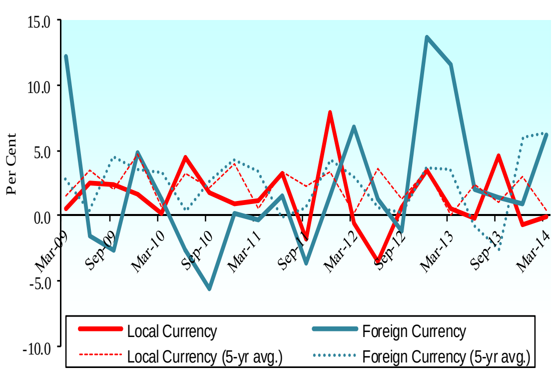


Table 2.3

Money Supply (12-month Growth Rates)		
MJ	**Mar-13**	**Mar-14**
M1J	9.1	3.5
M2J	6.8	3.3
M3J	2.0	4.7
M*		
M1*	18.4	7.6
M2*	13.3	6.1
M3*	8.1	6.5

Figure 2.5
Deposits in Commercial Banks
(Quarterly Growth Rates)



Money Supply

Broad Jamaica Dollar money supply, M3J, fell by 0.7 per cent for the March 2014 quarter, largely similar to the decline of 0.6 per cent for the corresponding quarter in 2013. Given the outturn for the March 2014 quarter, M3J increased by 4.7 per cent for FY2013/14, well below the average of 7.1 per cent for the last five fiscal years.

The measure of broad money supply that includes the Jamaica Dollar value of foreign currency deposits, M3, grew by 1.3 per cent for the review quarter relative to 2.6 per cent for the March 2013 quarter. The performance of M3* for the review quarter reflected growth of 6.2 per cent in foreign currency deposits relative to expansion of 11.6 per cent for the March 2013 quarter. In this regard, the ratio of foreign currency deposits to total deposits increased to 33.4 per cent at end-March 2014 relative to 32.2 per cent at end-March 2013.*

For the March 2014 quarter, broad Jamaica Dollar money supply, M3J, declined by 0.7 per cent compared to a contraction of 0.6 per cent in the corresponding quarter of 2013 and the average reduction of 1.2 per cent for the last five March quarters (see **Figure 2.4**). For FY2013/14, M3J expanded by 4.7 per cent following an increase of 2.0 per cent for the previous fiscal year. Nonetheless, the growth in M3J for FY2013/14 was well below the average increase of 7.1 per cent for the last five fiscal years (see **Table 2.3)**. The performance of M3J for FY2013/14 continued to reflect weak domestic demand conditions, given declining real incomes (see **Real Sector Developments**).

The main source of contraction in M3J for the review quarter was a decline in banking sector credit to the public sector. The impact of this contractionary impulse was partly offset by an increase of $27.2 billion (US$255.8 million) in the NIR. In addition, there was a marginal increase of $1.6 billion (0.5 per cent) in private sector credit. These increases were largely facilitated by net injection of $19.4 billion from OMO during the March quarter.

The contraction in money supply for the March 2014 quarter was reflected in a reduction of 8.4 per cent in currency in circulation following the seasonal expansion in the previous quarter. The net

Table 2.4

Local Currency Deposits Quarterly Growth Rates (%)		
	Mar-13	Mar-14
Local Currency Deposits	**0.6**	**0.7**
Demand deposits	-1.1	-1.1
Savings deposits	2.1	-0.2
Time deposits	2.3	-4.7
Other Deposits	-0.5	4.4

Figure 2.6

Foreign Currency Deposits to Total Deposits (Monthly)

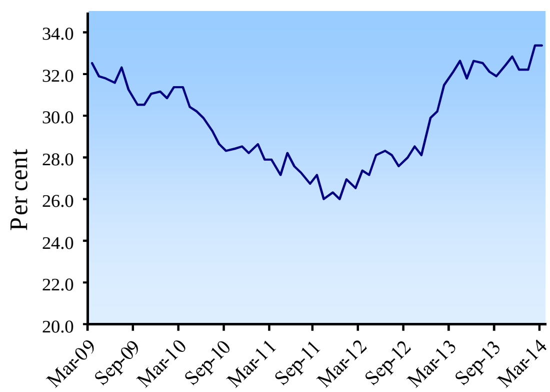


Table 2.5

Components of the Money Multiplier (M3J)			
	Mar-13	Dec-13	Mar-14
Currency to Deposit ratio (%)	16.67	18.55	16.88
Reserves to Deposit ratio (%)	13.74	14.24	13.97
Money Multiplier	**3.89**	**3.62**	**3.94**

redemption in the March 2014 quarter compared to the contraction of 7.3 per cent in the corresponding quarter of 2013 and the average decline of 9.9 per cent for the last five March quarters. For FY2013/14, growth in currency in circulation was 5.9 per cent relative to 7.0 per cent for FY2012/13. In real terms, there was a decline of 2.2 per cent in currency in circulation for FY2013/14 following the reduction of 2.0 per cent for the previous fiscal year. The continued decline in the real value of currency in circulation could be indicative of the persistent weakness in domestic economic activity.

Local currency deposits, the other component of M3J, grew by 0.7 per cent for the review quarter compared to the increase of 0.6 per cent recorded for the March 2013 quarter and average growth of 0.4 per cent for the last five March quarters (see **Figure 2.5)**. The increase in local currency deposits for the review quarter reflected growth in other deposits as there were declines in the other sub-categories (see **Table 2.4**). For FY2013/14, local currency deposits grew by 4.5 per cent relative to the expansion of 1.2 per cent for the previous fiscal year. The growth in local currency deposits for FY2013/14 largely reflected increases in savings and other deposits.

For the review quarter, M3*, the measure of broad money supply that includes the Jamaica Dollar value of foreign currency deposits, grew by 1.3 per cent relative to 2.6 per cent for the March 2013 quarter. The Jamaica Dollar value of foreign currency deposits increased by 6.2 per cent, relative to the expansion of 11.6 per cent for the March 2013 quarter. The expansion in the Jamaica Dollar value of foreign currency deposits, for the review quarter, reflected an increase of 3.1 per cent (US$43.4 million) in the US dollar stock as well as the impact of depreciation of 2.9 per cent in the weighted average selling rate of the Jamaica Dollar vis-à-vis the US dollar.[6] For the March 2013 quarter, there was growth of 5.0 per cent in the US dollar stock and depreciation of 6.0 per cent. The growth in foreign currency deposits for the March 2014 quarter largely reflected expansions in savings and time deposits held by both businesses and individuals. At end-March 2014, the ratio of foreign currency deposits to total deposits was 33.4 per cent relative to 32.3 per cent at end-December 2013 and 32.2 per cent at end-March 2013 (see **Figure 2.6**).

[6] All foreign currency deposits are converted to US dollars.

Table 2.6

Interest Rates on Commercial Bank Depoits in the Domestic Market			
	Mar-13	**Dec-13**	**Mar-14**
WEIGHTED AVERAGE			
Domestic Currency			
Overall	**1.80**	**2.04**	**1.98**
Demand	1.33	1.56	1.51
Savings	1.08	0.98	0.98
Time	3.55	4.26	4.50
Foreign Currency			
Overall	**0.97**	**1.06**	**1.08**
Demand	0.52	0.39	0.39
Savings	0.30	0.30	0.27
Time	2.45	2.43	2.60
Memo:			
BOJ 30-DAY CERTIFICATE OF DEPOSIT RATE	**5.75**	**5.75**	**5.75**

There was an increase in the money multiplier corresponding to M3J to 3.94 at end-March 2014 from 3.62 and 3.89 at end-December 2013 and end-March 2013, respectively (see **Table 2.5**). The increase in the multiplier relative to the previous quarter reflected declines in both the currency-to-deposit and the reserve-to-deposit ratios. The reduction in these ratios was as a consequence of the net redemption that typically follows the Christmas period.

The weighted average rate on local currency deposits held at commercial banks decreased by 6 bps to 1.98 per cent for the March 2014 quarter. This decline reflected a lower interest rate on demand deposits (see **Table 2.6**). In contrast, the weighted average rate on foreign currency deposits increased by 2 bps to 1.08 per cent, reflecting a higher rate on time deposits.

Figure 2.7

Quarterly Growth Rates of Private Sector Loans & Advances

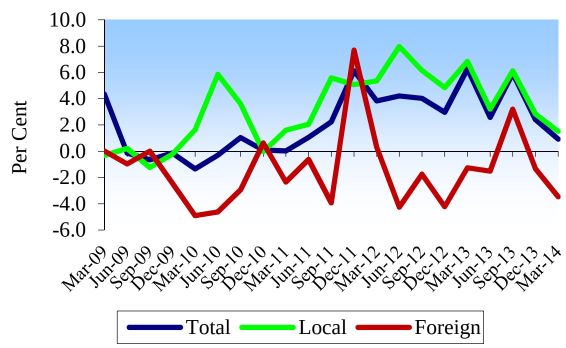


Table 2.7

Commercial Bank Distribution of Total Credit to the Private Sector (Flows J$MN)	Mar-13	Dec-13	Mar-14
Total Private Sector Credit	**14 707.6**	**6 303.8**	**1 554.2**
Change (%)	5.3	2.0	0.5
Loans & Advances	17 580.3	7 793.6	3 040.7
Less Overseas Residents	2 301.2	1 509.5	1 398.5
Add Corporate Securities	(571.6)	19.7	(88.0)

Table 2.8

Commercial Bank Distribution of Total Loans & Advances to the Private Sector (Quarterly Flows J$MN)	Mar-13	Dec-13	Mar-14
Business Lending	**7 692.6**	**2 237.9**	**(433.1)**
Agriculture & Fishing	296.5	(274.3)	(389.2)
Mining & Quarrying	(46.0)	49.5	(42.8)
Manufacturing	307.8	1 846.9	675.4
Construction & Land Dev.	1 000.4	186.2	(161.2)
Transport, Storage & Comm.	621.5	628.1	903.5
Tourism	(1 310.1)	(815.5)	(523.7)
Distribution	1 639.3	0.5	64.6
Electricity, Gas & Water	3 675.8	477.0	(1 248.3)
Entertainment	987.4	12.5	201.8
Professional & Other Services	519.9	127.1	86.8
Personal & Other Lending	**9 887.7**	**5 555.7**	**3 473.8**
Personal	7 586.6	4 046.2	2 075.3
Overseas Residents	2 301.2	1 509.5	1 398.5
Net Lending/(Repayment)	**17 580.3**	**7 793.6**	**3 040.7**

Private Sector Credit

For the March 2014 quarter, the stock of private sector credit in commercial banks increased by 0.5 per cent. This outturn was below the growth recorded in the corresponding quarter of 2013 and the average expansion for the March quarters of the last five years. Credit growth for the review quarter reflected an expansion in local currency borrowing by both households and businesses. In the context of the performance for the review quarter, private sector credit increased by 11.0 per cent for FY2013/14. With regard to the quality of the overall loan portfolio, at end-March 2014, there was an improvement relative to end-December 2013, predominantly reflecting a decline in the stock of non-performing business loans.

For the March 2014 quarter, the stock of private sector credit increased by 0.5 per cent (see **Table 2.7**). This expansion represented a significant deceleration relative to the growth of 5.3 per cent observed for the March 2013 quarter as well as the average increase of 2.4 per cent for the March quarters of the last five years. For FY2013/14, growth in private sector credit was 11.0 per cent, which was marginally higher than the average increase of 10.0 per cent for the last five fiscal years.[7]

Total loans and advances grew by $3 040.7 million (0.9 per cent) for the review quarter, the lowest rate of increase since the March 2011 quarter. The outturn for the review quarter was in comparison to an expansion of 6.3 per cent for the March 2013 quarter (see **Table 2.8**). The performance for the March 2014 quarter reflected an increase of 1.5 per cent in local currency denominated loans, the impact of which was partially offset by a decline of 3.5 per cent in foreign currency denominated loans. Growth in total loans and advances largely decelerated in the context of continued weak domestic demand as well as the depreciation in the Jamaica Dollar, particularly against the US dollar.

Business Lending

Loans and advances extended to businesses fell by 0.3 per cent for the review quarter. This outturn was in contrast to growth of 5.3 per cent for the March 2013 quarter and an average expansion of 2.8 per cent for

[7] Private sector credit growth for the fiscal year partly reflects the transfer of the loan portfolio of a building society to its affiliate commercial bank in the September 2013 quarter. Excluding this transaction, private sector credit would have expanded by 8.1 per cent for FY2013/14.

Table 2.9

Commercial Bank Distribution of Foreign Currency Loans & Advances to the Private Sector (Quarterly Flows US$'000)			
	Mar-13	**Dec-13**	**Mar-14**
Business Lending	**(29 489.0)**	**(23 892.0)**	**(38 120.0)**
Agriculture & Fishing	(337.0)	(3 042.0)	(2 202.0)
Mining & Quarrying	(104.0)	2.0	3.0
Manufacturing	(8 043.0)	7 713.0	4 482.0
Construction & Land Dev.	(2 627.0)	(874.0)	(9 032.0)
Transport, Storage & Comm.	30.0	1 520.0	(2 378.0)
Tourism	(19 897.0)	(14 680.0)	(12 968.0)
Distribution	(4 542.0)	(9 933.0)	(2 800.0)
Electricity, Gas & Water	6 993.0	1 956.0	(10 267.0)
Entertainment	1 139.0	(41.0)	(309.0)
Professional & Other Services	(2 101.0)	(6 513.0)	(2 649.0)
Personal & Other Lending	**18 025.0**	**11 690.0**	**6 917.0**
Personal	(3 064.0)	(801.0)	(3 153.0)
Overseas Residents	21 089.0	12 491.0	10 070.0
Net Lending/(Repayment)	**(11 464.0)**	**(12 202.0)**	**(31 203.0)**

Table 2.10

Commercial Bank Distribution of Local Currency Loans & Advances to the Private Sector (Quarterly Flows J$MN)			
	Mar-13	**Dec-13**	**Mar-14**
Business Lending	**5 954.8**	**2 619.0**	**1 384.5**
Agriculture & Fishing	238.8	(13.1)	(207.8)
Mining & Quarrying	(41.2)	49.0	(43.5)
Manufacturing	841.0	945.3	66.5
Construction & Land Dev.	424.0	(110.9)	389.0
Transport, Storage & Comm.	187.8	265.4	931.4
Tourism	(878.8)	14.7	122.7
Distribution	1 308.6	714.9	21.6
Electricity, Gas & Water	2 584.3	78.4	(349.0)
Entertainment	855.0	4.5	221.7
Professional & Other Services	435.2	670.7	231.9
Personal & Other Lending	**7 431.9**	**3 869.3**	**2 177.3**
Personal	7 482.6	3 904.1	2 166.6
Overseas Residents	(50.6)	(34.8)	10.7
Net Lending/(Repayment)	**13 386.7**	**6 488.3**	**3 561.8**

March quarters of the last five years. The reduction in business credit in the review quarter largely reflected a decline of 5.2 per cent in foreign currency denominated loans, the impact of which was partially offset by an expansion of 1.6 per cent in local currency denominated loans. The sharp contraction observed in foreign currency loans and advances largely reflected declines in ***Tourism, Electricity, Gas & Water*** and ***Construction & Land Development*** (see **Table 2.9**). With respect to the moderate increase in local currency loans and advances, this was evidenced in ***Transport, Storage & Communication*** as well as ***Construction & Land Development*** which reflected loans for *Transport by Land, Water & Air* as well as *Land Development*, respectively (see **Table 2.10**). The overall contraction for the March 2014 quarter constrained growth in loans and advances to businesses to 6.5 per cent for FY2013/14, a significant deceleration when compared to the expansion of 12.3 per cent for FY2012/13.

Personal & Other Lending

Personal & Other Lending expanded by 2.1 per cent for the review quarter (see **Table 2.8**). Within this category, ***Personal loans*** increased by 1.3 per cent relative to growth of 6.0 per cent for the March 2013 quarter and the average growth of 1.9 per cent for the March quarters of the last five years. Growth in personal credit for the review quarter was reflected in increases of 4.9 per cent, 1.9 per cent and 2.6 per cent in term loans, instalment credit and credit card receivables, respectively (see **Table 2.11**). For FY2013/14, personal lending expanded by 17.4 per cent, relative to the increase of 26.8 per cent for FY2012/13.

Interest Rates

The overall weighted average lending rate of commercial banks increased by 8 basis points (bps) to 17.57 per cent for the March 2014 quarter. This increase followed a rise of 4 bps for the December 2013 quarter (see **Table 2.12**). The uptick in the interest rates may be reflective of increased costs of funds in the context of relatively tight Jamaica Dollar liquidity conditions, which was supported by the results of the Bank's Credit Conditions Survey for the December 2013 quarter (see Box: **Bank of Jamaica's Quarterly Credit Conditions Survey**). Higher interest rates for the quarter reflected increases in rates on both private and public sector loans. In particular, interest rates on private sector loans increased by 8 bps, following a rise of 2 bps for the previous quarter.

Table 2.11

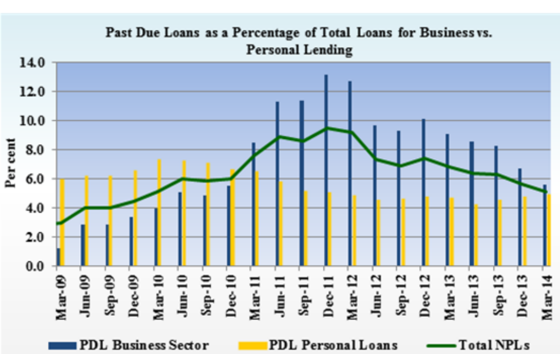
Commercial Bank Distribution of Selected Personal Loans Categories (Quarterly Flow J$MN)	Mar-13	Dec-13	Mar-14
Term Loans	2267.7	1430.1	2272.3
Change (%)	5.7	3.2	4.9
Credit Card Receivables	398.9	1261.6	714.2
Change (%)	1.7	4.9	2.6
Mortgage Loans	957.2	777.2	270.4
Change (%)	15.2	5.2	1.7
Instalment Credit*	2432.1	194.5	966.0
Change (%)	5.6	0.4	1.9
of which			
Other Instalment Credit	683.0	(43.2)	3501.3
Change (%)	6.6	(0.4)	34.2
Motor cars	828.2	417.7	478.7
Change (%)	5.3	2.0	2.2

*Other instalment credit refers to consumer credit for foreign travel and other miscellaneous services not directly related to the production of goods.

Table 2.12

Commercial Bank Domestic Currency Average Weighted Lending Rates by Loan Type	2013				2014
	Mar	Jun	Sep	Dec	Mar
Overall	**17.97**	**17.59**	**17.45**	**17.49**	**17.57**
Public Sector	**9.20**	**9.69**	**10.20**	**10.09**	**11.01**
Local Govt. & O.P.E	10.44	10.49	10.57	10.99	11.99
Central Government	8.92	9.57	10.14	9.96	10.89
Private Sector	**18.14**	**17.76**	**17.60**	**17.62**	**17.70**
Instalment	17.75	17.35	16.86	16.81	16.54
Mortgage	9.82	9.75	9.93	9.88	9.84
Personal	24.61	23.76	25.02	24.77	25.18
Commercial	12.56	12.40	12.66	12.76	12.94

Figure 2.8



This increase reflected higher rates of 41 bps and 17 bps on personal and commercial loans, respectively. There were declines in the rates on all other loan categories.

Loan Quality

At end-March 2014, the quality of commercial banks' private sector loan portfolio improved, as the ratio of non-performing loans to private sector loans declined to 5.2 per cent from 5.6 per cent and 6.9 per cent at end-December 2013 and end-March 2013, respectively.[8] This improvement primarily reflected a reduction in the ratio of non-performing business loans to 5.6 per cent at end-March 2014 from 6.7 per cent and 9.1 per cent at end-December 2013 and end-March 2013, respectively (see **Figure 2.8**). The decline in the ratio of non-performing loans was mainly attributable to repayment of non-performing business loans by one sector and, to a lesser extent, loan write-offs by commercial banks.

[8] Non-performing loans are loans past due for 3 months and over.

Box 1: The Bank of Jamaica's Quarterly Credit Conditions Survey

Introduction

In January 2014, the Bank of Jamaica (BOJ) introduced its *Credit Conditions Survey* to the main lenders in the domestic credit market.[1] The survey is aimed at enhancing the Bank's analysis of trends in domestic credit market. In addition, it is envisioned that the results could help to improve the efficiency and effectiveness of the provision of credit by lenders. The survey, which is administered quarterly through a web-based portal, consists of questions related to credit availability, credit demand, interest rates as well as other price and non-price factors that could affect credit demand and supply. These questions therefore elicit both quantitative and qualitative responses. The results are then collated, analysed and published in the *BOJ's Quarterly Credit Conditions Survey Report*[2].

The Bank's introduction of the survey is consistent with the practices of a number of leading central banks that have used such surveys to enhance the available information on credit conditions and developments beyond the traditionally available quantitative data.[3] The results of these surveys are valuable in assessing and predicting changing lending conditions. In addition, the results have improved the assessment of the domestic macro-financial frameworks as well as the process of maintaining monetary stability.

One of the first institutions to conduct this type of survey is the Federal Reserve which in 1967 introduced a quarterly *Senior Loans Officers Opinion Survey on Bank Lending Practices*.[4] More recently, in 2003, the European Central Bank (ECB) started a quarterly *Survey of Bank Lending*, which is conducted in each member country by the respective central banks.[5] The Bank of England began its quarterly *Credit Conditions Survey* in 2007.[6] Lending conditions surveys are also conducted in Japan, Canada and some emerging markets.

While the *BOJ's Credit Conditions Survey* has many similarities with those conducted in other jurisdictions, the BOJ's survey builds on the experiences of its counterparts, as it has both a backward and forward looking components. Most other surveys are purely backward looking. In addition, unlike other surveys, the BOJ's survey provides a disaggregated view of conditions according to firm size and economic sector.

Methodology and Analysis of BOJ's Results

The *BOJ's Credit Conditions Survey* utilizes qualitative questions, which have either a 5-point or 3-point rating scale to gauge lenders perspectives on issues. For example, when asked about changes in credit availability, lenders would indicate *substantially stronger (ss)*, *moderately stronger (ms)*, *remained constant (rc)*, *moderately weaker (mw)* or *substantially weaker (sw)*. These qualitative responses are then transformed into quantitative indicators using a Diffusion Index (DI) or net percentage balance of opinion (NPB):

$$\boldsymbol{DI} = ((\boldsymbol{ss} + \mathbf{0.5} \times \boldsymbol{ms}) - (\boldsymbol{sw} + \mathbf{0.5} \times \boldsymbol{mw})) * \mathbf{100}$$

Responses that indicate substantial changes are weighted twice as much as those that indicate moderate changes. The resulting DIs range from **negative 100 to positive 100**, with a negative DI suggesting that on average, lenders expressed a decline in the variable in question. A DI of **zero** suggests no change in the variable. For questions that address the relative

[1] The lenders currently include commercial banks, building societies, near banks, credit unions, the Development Bank of Jamaica and the Exim Bank.

[2] The Quarterly Credit Conditions Survey Report is available at http://www.boj.org.jm/

[3] See Russell (2012), 'Survey of Bank Lending Conditions in Jamaica', Bank of Jamaica Working Paper

[4] See Senior Loan Officer Opinion Survey on Bank Lending Practices, http://www.federalreserve.gov/boarddocs/snloansurvey/

5 See ECB Bank Lending Survey, http://www.ecb.europa.eu/stats/money/surveys/lend/html/index.en.html

6 See, The Bank of England Credit Conditions Survey, http://www.bankofengland.co.uk/publications/pages/other/monetary/creditconditions.aspx

accommodativeness of lending policies, a positive DI suggests that, on average, lenders eased credit access criteria.

The DI for each response is then weighted by the lender's market share and then averaged to produce relevant aggregate DIs. These aggregated DIs are then used to calculate overall credit conditions indices (CCIs), which consist of a Credit Demand Index (CDI) and a Credit Supply Index (CSI). The CDI is the average DI of loan demand responses across firm sizes and loan purposes while the CSI is average DI of credit availability across economic sectors and firm sizes. The indices are computed as:

$$\boldsymbol{CDI} = \left(\frac{\sum_{i=1}^{n} \left(\frac{\sum_{p=1}^{n} \boldsymbol{Diffusion\ Index} * 100 + 100}{\boldsymbol{n}} \right)}{\boldsymbol{n}} \right)$$

$$Where\ p = purpose\ for\ loan\ demand\ and\ i = firm\ size$$

$$\boldsymbol{CSI} = \left(\frac{\sum_{i=1}^{n} \left(\frac{\sum_{S=1}^{n} \boldsymbol{Diffusion\ index} * 100 + 100}{\boldsymbol{n}} \right)}{\boldsymbol{n}} \right)$$

$$Where\ \ s = ecomomic\ sector\ and\ i = firm\ size$$

These indices range from **0 to 200** where a CCI **less than 100** indicates a decline in the variable in question, **greater than 100** indicates an increase and **100** suggests no change.

Results of December 2013 Credit Conditions Survey

Data from the Bank of Jamaica indicate that for the December 2013 quarter, credit totalling **$467.8 billion** was made issued to the private sector. The results of the Credit Conditions Survey suggest that of this amount, **63 per cent** was issued to individuals and households while **37 per cent** was issued to businesses across all firm sizes. Notably, credit to Micro, Small and Medium sized Enterprises (MSMEs) accounted for **16 per cent** of total credit (see **Figure 1**).[7]

[7] MSMEs in this report refer to those institutions that have loans valuing less than the equivalent of US$1.0 million at origination or annual sales/turnover less than the equivalent of US$25.0 million.

The CSI indicated a marginal increase in the quantity of credit made available to the private sector for the December 2013 quarter (see **Table 1**). This increase reflected a moderate expansion in the credit made available to the productive sector which was partially offset by a decline in credit made available to individuals.

Figure 1

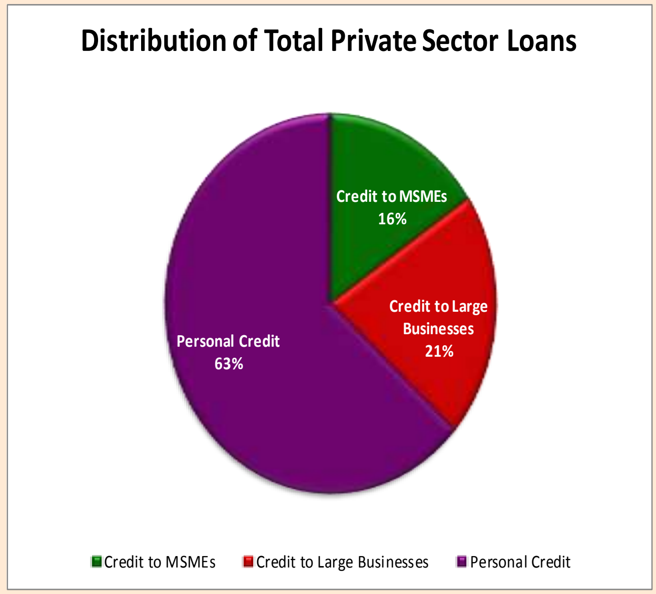


Table 1

Credit Conditions Indices (CCIs)	Dec-13	Mar-14
Credit Supply Index (CSI)	**100.4**	**103.5**
CSI-Business	102.3	103.9
CSI-Personal	92.9	101.7
Credit Demand Index (CDI)	**98.1**	**88.0**
CDI-Business	99.1	84.7
CDI-Personal	93.9	101.1
CDI-Local Currency	108.6	107.8
CDI-Foreign Currency	76.9	92.0

Despite the increase in credit availability during the review quarter, lenders reported that they were cautious about lending given the weak economic environment. This caution reflected the view that economic conditions had adversely affected businesses' working capital. Therefore, lending institutions had implemented more restrictive credit requirements in order to prevent an accumulation of non-performing loans. With regards to individuals, the reduction in credit availability was influenced by increased cost of funding and the tight liquidity environment faced by lenders. In addition, lenders indicated a perception of relatively higher risks. Lenders anticipated an increase in the availability of funds for businesses and individuals for the March 2014 quarter (see **Table 1**).

Table 2

Interest Rates on Local and Foreign Currency Loans (Per Cent (%)		
Local Currency	**Dec-13**	**Mar-14**
Loans to businesses	13.2	15.4
Personal loans	20.6	20.6
Prime rate	18.6	18.1
Foreign Currency	**Dec-14**	**Mar-14**
Loans to businesses	8.5	9.3
Prime Rate	7.7	8.4

The CDI indicated that credit demanded by businesses and individuals declined marginally during the December 2013 quarter (see **Table 1**). This fall was reflected in a sharp decline in demand for foreign currency loans by businesses. However, there was an increase in the demand for local currency loans.[8] The fall in demand for foreign currency loans over the quarter was largely attributed to the faster pace of depreciation of the exchange rate as well as a reduction in the supply of US dollars.

For the March 2014 quarter, lenders also anticipate an increase in local currency loan demand, while the demand for foreign currency loans is expected to decline further.

Lenders reported that interest rates on both local and foreign currency denominated loans were expected to increase for the March 2014 quarter relative to the December 2013 quarter (see **Table 2**). They attributed the increase to the tight Jamaica Dollar liquidity conditions which have impacted both the quantity and cost of funds available to the lenders.

Table 3

Credit Availability to Businesses		
Economic Sectors	**Dec-13**	**Mar-14**
Agriculture & Fishing	103.7	107.8
Mining & Quarrying	100.0	100.0
Manufacturing	97.6	107.0
Construction & Land Development	106.3	104.0
Transport, Storage & Communication	101.4	100.7
Tourism	102.7	100.8
Distribution	104.2	104.6
Professional & Other Services	103.3	107.5
Electricity Gas & Water	103.9	102.3
Entertainment	100.1	104.2
CSI	**102.3**	**103.9**

The increase in the CSI for the quarter reflected an expansion in the amount of credit made available to all economic sectors except *Mining & Quarrying* and *Manufacturing* (see **Table 3**). Credit made available to *Manufacturing* declined marginally during the quarter while credit to *Mining & Quarrying* was unchanged. For the March 2014 quarter, lenders were anticipating a further increase in the amount of credit to be

[8] Foreign currency loans refer to foreign currency denominated loans to domestic businesses.

made available to all economic sectors, except *Mining & Quarrying*.

Despite the marginal decline in the CDI for the December 2013 quarter, a disaggregation of the index revealed a strong increase in the amount of credit demanded for inventory and working capital financing and unsecured loans (see **Table 4**). Strong credit demand for inventory & other working capital emanated from the large, medium and small business sectors. There was a significant demand for unsecured loans from large, medium and micro businesses. Large businesses also had a strong appetite for credit to finance mergers & acquisitions over the quarter. The increased demand for these loan types was offset by a contraction in the demand for credit to finance other types of business activities, primarily across medium and small business enterprises.

Table 4

Credit Demand By Firm Size-December 2013 Quarter					
	Large	**Medium**	**Small**	**Micro**	**Total**
Credit Cards	n.a	n.a	144.7	100.0	122.3
Inventory & Other Working Capital Financing	171.9	109.7	104.9	100.4	121.7
Commercial Motor Vehicles	91.1	69.3	74.8	99.1	83.6
Plant & Equipment	93.3	67.5	75.7	100.0	84.1
Commercial Real Estate	109.8	75.7	55.2	100.8	85.4
Balance Sheet Restructuring	100.0	100.0	74.1	100.0	93.5
Loan Refinancing	103.5	103.6	101.7	99.2	102.0
Unsecured Loans	150.0	119.5	100.0	100.2	117.4
Other Loans	100.5	100.0	89.8	100.0	97.6
Lines of Credit	97.1	70.8	74.1	99.5	85.4
Loan Guarantees	100.0	100.0	100.0	100.8	100.2
Mergers & Acquisitions	134.2	100.0	n.a	n.a	117.1
Business Credit Demand Index	**113.8**	**92.4**	**90.5**	**100.0**	

The CDI for the March 2014 quarter suggested that lenders anticipated that the overall credit demanded by businesses would decline further in that quarter (see **Table 1**). This decline would reflect a contraction in the demand for foreign currency loans to finance business activities, primarily by micro and small business enterprises (see **Table 5**). Medium-sized businesses were expected to increase the demand for loans for all purposes covered by the survey, in particular for inventory & other working capital. Large and corporate businesses were also expected to increase their demand for credit for the March quarter to finance most business activities.

Table 5

Credit Demand By Firm Size-March 2014 Quarter					
	Large	**Medium**	**Small**	**Micro**	**Total**
Credit Cards	n.a	n.a	60.5	50.3	55.4
Inventory & Other Working Capital Financing	107.0	133.7	96.4	48.9	96.5
Commercial Motor Vehicles	94.6	106.2	75.9	48.5	81.3
Plant & Equipment	105.8	108.2	83.0	48.5	86.4
Commercial Real Estate	99.9	106.2	74.1	48.9	82.3
Balance Sheet Restructuring	104.4	100.0	75.9	48.9	82.3
Loan Refinancing	107.9	105.6	77.4	48.5	84.9
Unsecured Loans	106.3	123.9	55.4	50.5	84.0
Other Loans	105.4	106.2	81.3	48.9	85.4
Lines of Credit	109.8	107.3	93.2	48.4	89.7
Loan Guarantees	105.4	108.2	91.5	48.9	88.5
Mergers & Acquisitions	65.8	106.2	n.a	n.a	86.0
Business Credit Demand Index	**101.1**	**110.1**	**78.6**	**49.0**	

The survey results suggests that the relatively weak domestic economic environment coupled with the pace of depreciation adversely affected the overall demand for credit by both businesses and individuals. Despite the overall decline in demand, the survey results indicate that over the December 2013 quarter, borrowers expressed a strong desire for working capital & inventory financing which is also expected to obtain in the March 2014 quarter. This demand, if met, should further stimulate improvements in domestic economic activity. With regards to credit supply, lenders indicated that they have made a marginally higher amount of credit available to businesses. However, they expressed the view that the tight liquidity conditions as well as the risks associated with lending in the current domestic environment inhibited their willingness to increase credit supply.

Table 2.13

Treasury Bill Auctions and Maturities
December 2013 - March 2014

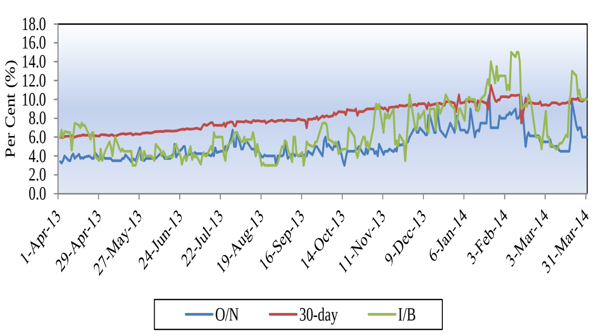
Issue Date	Tenor (days)	Avg. yield (%)	Amount Allotted (J$MN)	Amount Maturing (J$MN)
18-Dec-13	28	6.25	400.0	400.0
18-Dec-13	91	7.53	400.0	400.0
18-Dec-13	182	8.25	400.0	201.6
22-Jan-14	28	6.12	400.0	400.0
22-Jan-14	91	7.43	400.0	400.0
22-Jan-14	182	8.72	400.0	400.0
21-Feb-14	28	6.51	400.0	400.0
21-Feb-14	91	8.08	400.0	400.0
21-Feb-14	182	8.78	400.0	400.0
19-Mar-14	28	6.76	400.0	400.0
19-Mar-14	91	8.35	400.0	400.0
19-Mar-14	182	9.11	400.0	400.0

Table 2.14

Placements and Maturities* in BOJ OMO Instruments

	October -December 2013			January -March 2014		
	Maturities (J$MN)	Placements (J$MN)	Average Yield (%)	Maturities (J$MN)	Placements (J$MN)	Average Yield (%)
30-day	68 231.4	61 913.1	5.75	51 362.2	51 153.0	5.75
182-day VR CD	7 394.6	784.5	7.55	2 738.5	0.0	-
275-day VR CD	0.0	1 136.5	7.60	2 051.1	0.0	-
365-day VR CD	0.0	3 783.2	7.67	0.0	6 916.1	8.76
548-day VR CD	0.0	19.0	7.62	0.0	432.3	8.78
729-day VR CD	0.0	32.3	7.67	0.0	0.0	-
365-day FR USD Indexed Bond	0.0	12 508.8	3.75	0.0	9 964.9	3.50
TOTAL	**75 626.0**	**80 177.3**		**56 151.8**	**68 466.3**	
	Maturities (US$MN)	Placements (US$MN)	Average Yield (%)	Maturities (US$MN)	Placements (US$MN)	Average Yield (%)
2-year FR USD CD	0.0	9.3	3.25	0.0	40.9	4.00
3-year FR USD CD	0.0	0.0	-	0.0	9.2	5.25
4-year FR USD CD	0.0	5.7	5.00	0.0	14.8	5.00
4.5-year FR USD CD	0.0	0.0	-	0.0	57.4	5.50
TOTAL	**0.0**	**15.0**		**0.0**	**122.3**	

Figure 2.9
Average Private Money Market Rates



Bond Market

During the March 2014 quarter, Jamaica Dollar liquidity conditions improved in the domestic bond market. This was in a context where the BOJ offered a special Six-Month Repurchase Operation (SMRO) arrangement for deposit-taking financial institutions (DTIs) in February 2014. The SMRO complemented liquidity provided via the Bi-monthly Repurchase Operation, the Standing Liquidity Facility and normal overnight arrangements. In spite of the improvement in liquidity, on average, interest rates in the domestic bond market increased in the context of a concentration of funds, concerns about the Authorities' ability to meet the targets outlined in the economic programme as well as acceleration in the pace of depreciation of the Jamaica Dollar. In particular, there were increases in the average yields on all tenors of Government of Jamaica (GOJ) Treasury Bills.

Excluding Treasury Bills, there were no offers of GOJ domestic debt instruments during the quarter. This was in the context where the Government was fully financed.

There was a general increase in the average yields on GOJ Treasury bills during the March 2014 quarter. The average yields on the 28-day, 91- day and 182-day Treasury bills increased by 51 basis points (bps), 82 bps and 86 bps, respectively, relative to December 2013 (see **Table 2.13**). At the March 2014 auction, the yield of 6.76 per cent on the 28-day Treasury bill was 101 bps above the rate on the Bank's corresponding OMO instrument. The yields on the 91- and 182-day Treasury bills were 257 bps and 329 bps, respectively, above the equivalent 30-day BOJ rate. These spreads were higher than those which obtained at the December 2013 auction. The outturns in the review quarter reflected the continued preference by investors for shorter term investments, given the public's concerns about the Authorities' ability to meet the targets outlined in the economic programme as well as the acceleration in the pace of depreciation of the Jamaica Dollar.

Private money market rates remained high at the beginning of the quarter in the context of tight liquidity conditions. However, with the BOJ's provision of additional liquidity there were notable reductions in daily average overnight (O/N), 30-day repo and interbank (I/B) rates. The sharpest reduction was reflected in the I/B rate which declined to 7.90 per cent for March 2014 from 10.66 per cent for January 2014 (see **Figure 2.9**). Notwithstanding these reductions, rates in the private money market were on average higher for the March 2014 quarter relative to the December 2013 quarter.

Table 2.15

GOJ Public Debt Raising January - March 2014	Amount Allotted (J$MN)	Amount Maturing (J$MN)	Net Issues (J$MN)
Treasury Bills	3 600.0	3 600.0	0.0
Fixed Rate Benchmark Inv. Note	0.0	5 653.4	-5 653.4
Var. Rate Benchmark Inv. Note	0.0	0.0	0.0
Sub-Total	**3 600.0**	**9 253.4**	**-5 653.4**
USD Benchmark Inv.Note (J$ Equiv)	0.0	**47 443.1**	**-47 443.1**
TOTAL	**3 600.0**	**56 696.5**	**-53 096.5**

Figure 2.10
GOJ Global Bond Yields

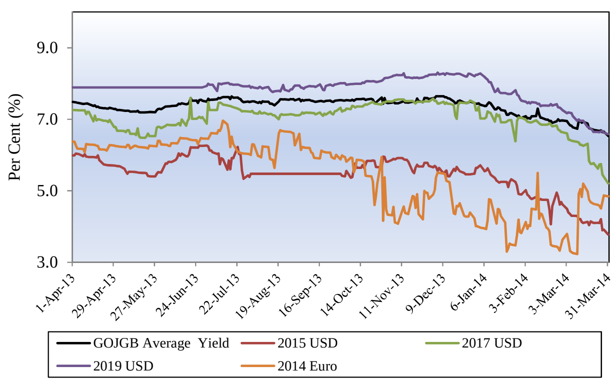
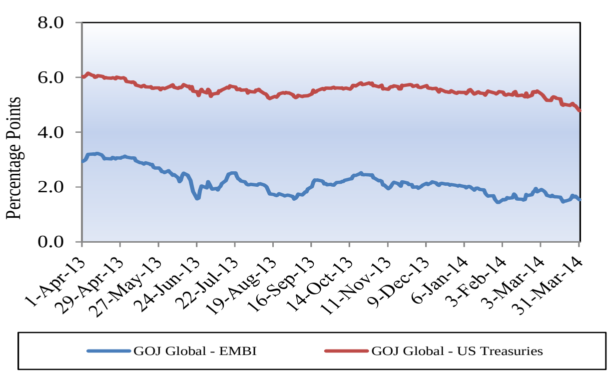


Figure 2.11
Interest Rate Spread
GOJ Globals vs. EMBI and US Treasuries



During the review quarter, there was net maturity of $53.1 billion in GOJ debt, predominantly reflecting the payout of a USD benchmark investment note (see **Table 2.15**). This net maturity in the review quarter was in comparison to net issue of $198.4 million in GOJ domestic debt instruments in the December 2013 quarter. Excluding the offer of Treasury bills, there were no issues of GOJ instruments in the March 2014 quarter, consistent with the Government's debt strategy. In addition, the secondary market has remained inactive since the National Debt Exchange in February 2013.

The Government's success at meeting the economic programme targets to December 2013, the payout of large debt obligations as well as positive credit ratings by Fitch Ratings and Moody's Investors Service, influenced a general improvement in the performance of GOJ global bonds during the March 2014 quarter. The average yield on GOJ global bonds composite index (GOJGB) declined to 8.00 per cent during the March 2014 quarter from 8.30 per cent in the December 2013 quarter (see **Figure 2.10**). Concurrently, the average spread between the GOJGB and the EMBI+ decreased by 49 bps to 1.70 percentage points. Similarly, the average spread between GOJGB and US Treasury bonds decreased by 32 bps to 5.3 percentage points (see **Figure 2.11**).

Figure 2.12
Quarterly Growth of the JSE Indices
December 2012 – December 2013

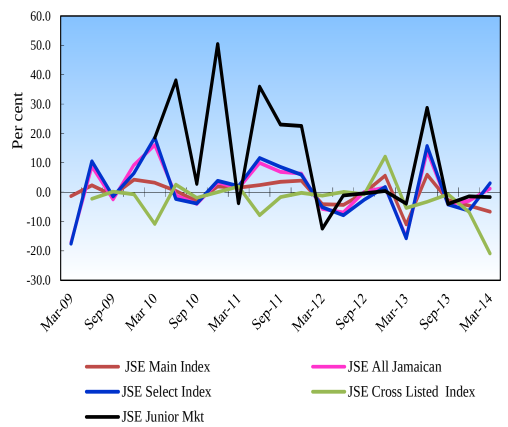


Figure 2.13
Average Monthly Returns from Equities,
Foreign Currency and Fixed Income Investments

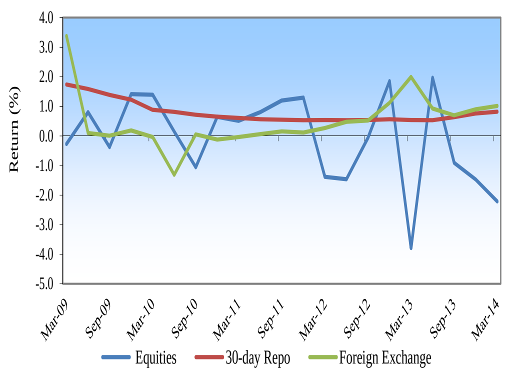
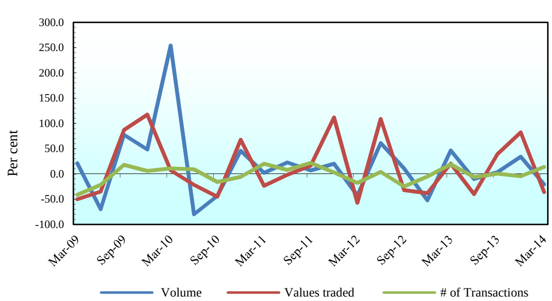


Figure 2.14
Quarterly Movements in Volumes, Values Traded & Number of Transactions



Stock Market

The equities market continued to decline in the March 2014 quarter, which reflecting weak investor sentiment, despite positive macroeconomic developments including two consecutive quarters of GDP growth as well as the achievement of targets and structural benchmarks under the EFF up to the December 2013 quarter. The JSE Main Index fell by 6.7 per cent for the March 2014 quarter, following a decline of 4.6 per cent for the previous quarter. This decline occurred in the context of continued depreciation of the Jamaica Dollar and higher rates on fixed income investments.

For the March 2014 quarter, all the JSE indices declined with the exception of the All Jamaica Composite and the JSE Select indices. The declines ranged between 1.7 per cent and 20.9 per cent.[10] In particular, the JSE Main Index declined by 6.7 per cent to close at 75 228.6 points relative to a fall of 4.6 per cent for the December 2013 quarter (see **Figure 2.12**).

The performance of the equities market for the review period reflected continued weak investor sentiment, despite positive macroeconomic developments including two consecutive quarters of GDP growth and achievement of EFF targets and structural benchmarks up to the December 2013 quarter. Additionally, continued depreciation of the local currency and higher interest rates made money market investments a more attractive investment option. Notably, for the review quarter, monthly returns on Jamaica Dollar money market securities and foreign currency investments averaged 0.8 per cent and 1.3 per cent, respectively.[11] This compares to average monthly returns of negative 2.2 per cent on equities investments for the quarter (see **Figure 2.13**).

For the March 2014 quarter, the value of transactions for the Main Index declined by 36.0 per cent while the volume of stocks traded and the number of transactions grew by 104.2 per cent and 14.0 per cent, respectively, relative to the prior quarter (see **Figure 2.14**). The sharp increase in volumes was attributed to one institution (LIME), which accounted for approximately 61.2 per cent of total traded volumes for the review quarter. Excluding this large transaction, the volume of stocks traded would have declined by 20.7 per cent relative to the previous quarter. For the March 2014 quarter, the advance to decline ratio was

[10] As it relates to the All Jamaica Composite and the JSE Select indices, these indices grew by 1.2 per cent and 3.0 per cent, respectively, relative to the previous quarter.
[11] Returns on foreign currency investments is computed as capital appreciation/depreciation resulting from exchange rate movements plus private money market rates on US dollar securities.

Table 2.16

Top Ten Declining Stocks as at end-March 2014		
Companies	Price ($)	Qtr. Change (%)
Financial		
Sagicor Group Jamaica	9.34	-8.16
Sagicor Investments Jamaica	15.01	-6.19
JMMB Limited	7.04	-6.13
Mayberry Investments	1.90	-5.00
Other		
Supreme Ventures	2.10	-24.46
Pulse Investments	0.76	-12.64
Kingston Properties Limited	4.00	-11.11
Conglomerates		
Pan Jam Investments	49.05	-7.45
Jamaica Producers Group	18.26	-3.89
Manufacturing		
Desnoes & Geddes	4.60	-9.80

Table 2.17

Top Ten Advancing Stocks as at end-March 2014		
Companies	Price ($)	Qtr. Change (%)
Manufacturing		
Caribbean Cement	4.14	18.29
Jamaica Broilers Group	4.85	7.06
Kingston Wharves	6.47	6.77
Financial		
Jamaica Stock Exchange	2.00	11.11
National Commercial Bank	17.68	7.94
Communication		
LIME	0.43	168.75
Retail		
Hardware & Lumber	10.00	63.93
Tourism		
Ciboney Group	0.07	40.00
Conglomerate		
GraceKennedy Limited	58.05	5.41
Other		
Sagicor Real Estate X Fund Limited	6.75	11.20

14:15 with ***Financial*** stocks accounting for four of the top ten declining stocks with an average price depreciation of 6.4 per cent (see **Table 2.16**). In contrast, ***Manufacturing*** accounted for three of the top ten advancing stocks with an average price appreciation of 10.7 per cent (see **Table 2.17**).

Figure 2.15
Percentage Change in the Weighted Average Selling Exchange Rate (e.o.p.) (US$1.00 = J$)

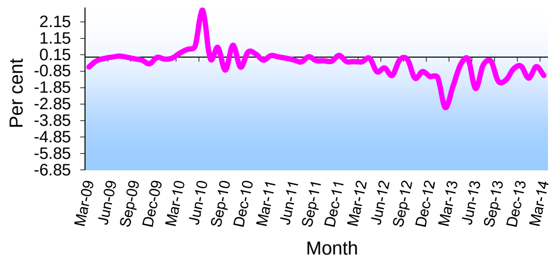


Figure 2.16
Exchange Rate Trading Range

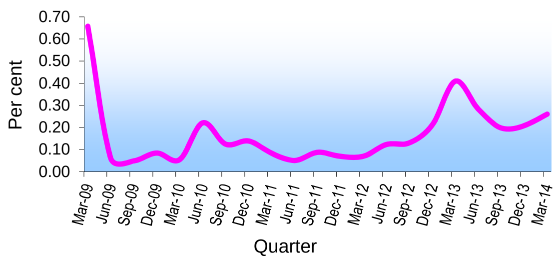


Figure 2.17
Exchange Rate Spread as a Percentage of the Buying Rate

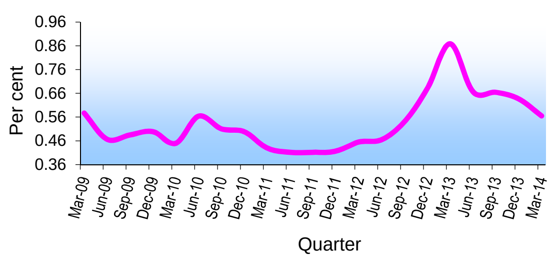
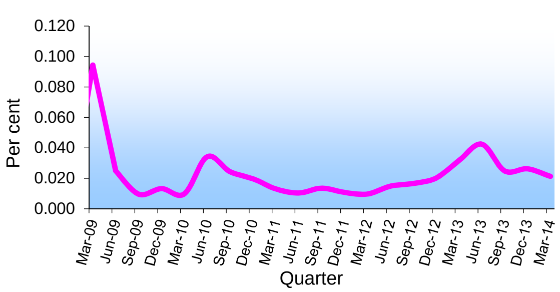


Figure 2.18
Exchange Rate Volatility



Foreign Exchange Market

The weighted average selling rate (WASR) of the Jamaica Dollar vis-á-vis the US dollar depreciated by 2.9 per cent for the March 2014 quarter following depreciation of 2.6 per cent for the December 2013 quarter. The marginally higher pace of depreciation occurred in the context of a concentration of foreign currency supply in a few entities and elevated concerns about the country's ability to meet the NIR target under the Extended Fund Facility (EFF). Notwithstanding this, net demand for current account transactions fell during the quarter.

The Bank purchased US$89.6 million (net) from the market during the quarter. It also issued special instruments amounting to US$580.1 million. In addition, the Bank purchased IDB loan proceeds of US$140.0 million from the GOJ. The impact of these inflows on the NIR was partly offset by domestic principal and interest payments amounting to US$513.0 million during the quarter. In this context, there was an increase of US$255.8 million in the NIR to US$1 303.6 million at end-March, US$64.0 million above the EFF target.

For the review quarter, the WASR of the Jamaica Dollar vis-á-vis the US dollar depreciated by 2.9 per cent to US$1.00 = J$109.57 and brought the depreciation for FY2013/14 to 9.8 per cent.[12] This followed depreciation of 2.6 per cent for the December 2013 quarter and was below the average depreciation of 3.2 per cent for the last five March quarters. The movement in the rate for the review quarter reflected depreciation of 1.4 per cent, 0.6 per cent and 1.2 per cent in January, February and March, respectively (see **Figure 2.15**). There were marginal declines in all measures of foreign exchange market volatility with the exception of the trading range (see **Figures 2.16, 2.17** and **2.18**).[13]

The depreciation during the quarter, which was primarily concentrated in January, was associated with pressures arising from concentration of earner supply within a few entities as well as investors hedging against further depreciation by increasing their foreign currency positions. In addition, there were elevated concerns about the country's ability to meet the NIR target under the EFF.

[12] In Jamaica Dollar terms, the exchange rate depreciated by 3.0 per cent for the March 2014 quarter and 10.8 per cent for FY2013/14.

[13] The trading range for the exchange rate is an indicator of risk or uncertainty. It is the difference between the high and low quotes for the sale of US dollars over a particular period. A narrowing of the spread is an indicator of more stable conditions in the foreign exchange market. Volatility is calculated as the standard deviation of the daily logarithmic returns, based on the WASR.

Table 2.18

Foreign Exchange Cash Flows*					
	US$MN				
	2013	2013	2014	Change Relative to Previous	
	Jan - Mar	Oct - Dec	Jan - Mar	Quarter	Year
Net Current Inflows	-512.0	-495.2	-277.7	217.5	234.3
Current Inflows	969.4	993.2	1 154.1	160.9	184.7
Current Outflows	1 481.4	1 488.5	1 431.9	-56.6	-49.6
Net Private Capital Inflows	624.5	670.8	455.4	-215.4	-169.1
Balance	112.5	175.6	177.6	2.1	65.1

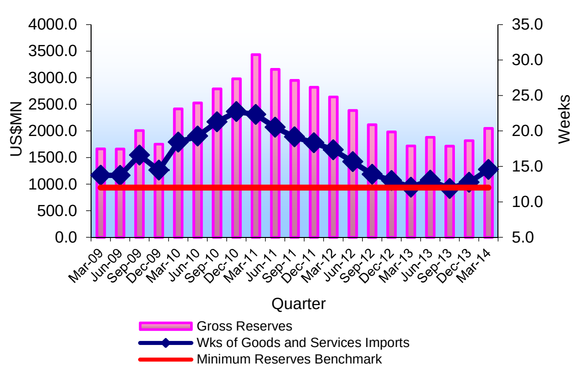
* BOJ estimates

Table 2.19

Net International Reserves (US$MN)		
Month	**Stock**	**One-Month Change**
Oct-13	890.5	-19.7
Nov-13	835.7	-54.8
Dec-13	1047.9	212.1
Jan-14	917.8	-130.1
Feb-14	1069.4	151.6
Mar-14	1303.6	234.3

Figure 2.19

Gross Reserves and Weeks of Goods and Services Imports



The pace of depreciation slowed markedly in February despite an acceleration towards the latter part of the month, which persisted into March. This slower pace of depreciation occurred in a context of intervention sales of US$40.0 million in the last week of January as well as tempered bidding by market players in February.[14] The acceleration in the pace of depreciation from the latter part of February occurred despite an announcement that quantitative and structural benchmarks for the December 2013 quarter had been met, a rating upgrade by Fitch Ratings on 24 February 2014 and a substantial narrowing of the difference between the NIR stock and the target for end-March 2014.

During the quarter, there was an estimated decline of US$217.5 million in net demand to facilitate current account transactions (see **Table 2.18**). This was largely influenced by seasonally lower spending on imports, particularly consumer and capital goods. In addition, there was an increase in foreign currency inflows from sugar and non-traditional exports, particularly, mineral fuel, as well as a seasonal increase in earnings from the tourism sector. In the context of the lower cash demand, there was an estimated decline of US$215.4 million in net private capital (NPC) inflows. Inflows for NPC were, however, more than sufficient to finance the demand for current account transactions.

For the quarter, average per diem purchases by Authorised Dealers and Cambios grew by 1.3 per cent to US$27.9 million relative to the December 2013 quarter and compared to the average of US$26.5 million for the last five March quarters. Concurrently, average per diem sales decreased by 1.3 per cent to US$27.2 million and compared to the average of US$26.3 million for the last five March quarters.

The Bank purchased US$89.6 million (net) from the market during the quarter, largely influenced by the impact of relatively tight Jamaica Dollar liquidity conditions. Inflows were bolstered by the purchase of IDB loan proceeds of US$140.0 million from the GOJ in February 2014 and special deposits and instruments amounting to US$580.1 million. Payments on US dollar domestic bonds amounting to US$213.2 million and US$299.8 million were effected in January and February, respectively.

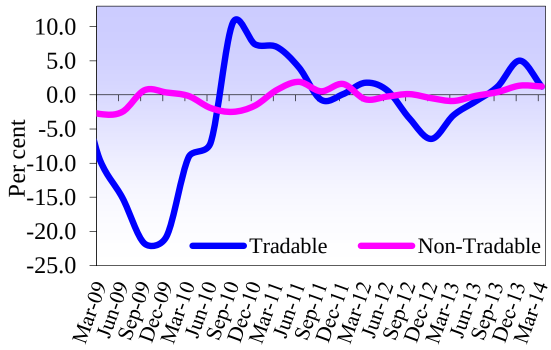
The NIR stock at end-March 2014 amounted to US$1 303.6 million, US$255.8 million higher than the outturn for end-December 2013 and

[14] On the 12 February 2014, Moody's Investors Service upgraded Jamaica's outlook to stable.

US$64.0 million above the target of US$1 239.6 million under the EFF (see **Table 2.19**). The Bank's gross reserves at end-March amounted to US$ 2 048.6 million, representing 14.6 weeks of projected goods and services imports (see **Figure 2.19**).

3. Real Sector Developments

Figure 3.1
GDP Growth: Tradable vs. Non-Tradable Industries
(12-Month Per Cent Change)



Source: Bank of Jamaica

Table 3.1

Sectoral Contribution to Growth March 2014 Quarter	Estimated Impact on Growth
GOODS	**+ve**
Agriculture, Forestry & Fishing	**+ve**
Mining & Quarrying	**+ve**
Manufacture	**-ve**
Construction	**+ve**
SERVICES	**+ve**
Electricity & Water Supply	**+ve**
Wholesale & Retail Trade, Repairs & Installation	**+ve**
Hotels & Restaurants	**+ve**
Transport Storage & Communication	**+ve**
Financing & Insurance Services	**+ve**
Real Estate, Renting & Business Activities	**+ve**
Producers of Government Services	**-ve**
Other Services	**+ve**
Financial Intermediation Services Indirectly Measured	**+ve**
TOTAL GDP	**1.0 to 2.0**

*Real Gross Domestic Product (GDP) is estimated to have expanded within the range 1.0 per cent to 2.0 per cent for the March 2014 quarter. This estimated outturn represents the third consecutive quarter of growth. For the review period, economic activity is estimated to have increased in the context of higher external demand, greater use of productive capacity and favourable weather conditions. **Agriculture**, **Forestry & Fishing**, **Mining & Quarrying**, **Construction** and **Hotels & Restaurants** were the chief industries estimated to have expanded in the quarter. From the perspective of aggregate demand, there were estimated improvements in **Gross Capital Formation** and **Net External Demand**, the impact of which was partly offset by contractions in **Private** and **Government Consumption**.*

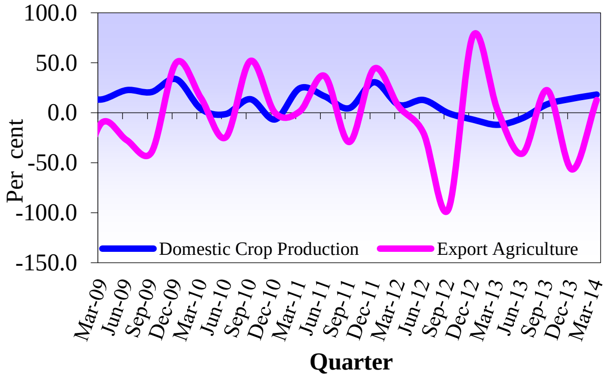
For FY2013/14, domestic output is estimated to have expanded within the range of 0.0 per cent to 1.0 per cent. This estimate represented an improvement relative to the contraction of 0.7 per cent for the preceding fiscal year.

Aggregate Supply

For the March 2014 quarter, real GDP is estimated to have expanded within the range of 1.0 per cent to 2.0 per cent in contrast to a contraction of 1.2 per cent for the March 2013 quarter. The estimated outturn for the quarter was largely influenced by improved weather conditions, increased infrastructural projects as well as higher external demand, largely related to Export Agriculture. Notwithstanding the assessed expansion in economic activity, growth continued to be constrained by weak domestic demand due primarily to relatively high levels of unemployment and declining real incomes. In addition, in spite of a small improvement, consumers' perception of future business environment continued to constrain domestic demand.

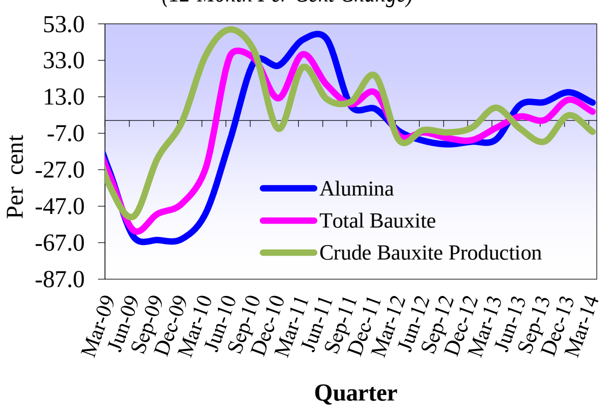
The estimated improvement in economic activity reflected growth in the tradable and non-tradable industries (see **Figure 3.1**). Growth in the non-tradable industries was primarily reflected in ***Agriculture, Forestry & Fishing***, ***Construction*** and ***Electricity & Water Supply***.

Figure 3.2
Trends in Domestic Crop Production & Export Agriculture Volumes (12-Month Per cent Change)



Sources: BOJ & Ministry of Agriculture

Figure 3.3
Trends in Crude Bauxite, Alumina & Total Bauxite Production (12-Month Per Cent Change)



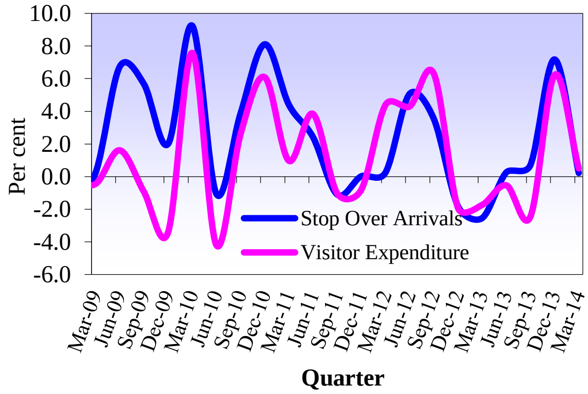
Source: Jamaica Bauxite Institute

Expansion within the tradable industries was driven by growth in Export Agriculture, ***Mining & Quarrying*** and ***Transport, Storage & Communication*** (see **Table 3.1**).

For the review quarter, ***Agriculture, Forestry & Fishing*** is estimated to have expanded, in contrast to a contraction of 11.3 per cent in the March 2013 quarter. The industry's performance reflected recovery from the adverse impact of severe drought conditions as well as increased productive capacity relative to the comparable period of 2013. As a result, both export and domestic crop production are estimated to have increased (see **Figure 3.2**). Export Agriculture primarily reflected expansions of 12.8 per cent and 6.0 per cent in sugar cane milled and citrus production, respectively, relative to the comparable period in 2013. Cocoa production also increased in the review quarter, largely reflecting recovery over the adverse impact of Hurricane Sandy. Domestic crop production is estimated to have expanded by 18.1 per cent, relative to a decline of 12.1 per cent in the March 2013 quarter. This expansion was primarily influenced by favourable weather conditions and an improvement in productivity, measured as output per hectare, which increased to 13.8 in the review quarter from 12.6 in the March 2013 quarter. The improvement in productivity was influenced by several initiatives by the Government, under which farmers were encouraged to replant as well as to increase their acreage, to aid the recovery of the industry.

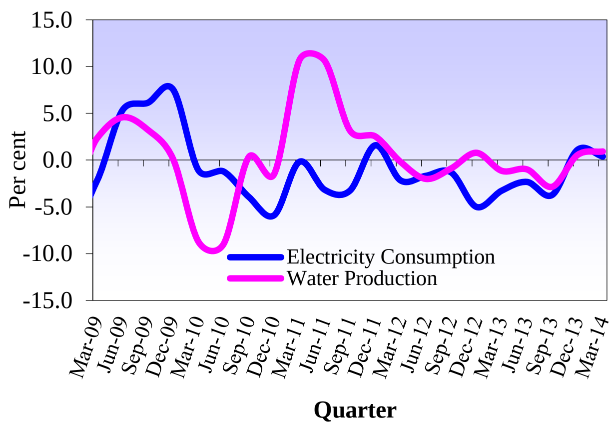
Mining & Quarrying is assessed to have increased for the fourth consecutive quarter and compares favourably with the contraction of 8.8 per cent in the corresponding quarter of 2013. Growth for the March 2014 quarter was inferred from higher capacity utilization in the alumina industry stemming from partial normalization of production over depressed levels in the corresponding period of last year. On the other hand, there was reduced capacity utilization in bauxite production due to higher levels of inventory. Specifically, capacity utilization in the alumina industry rose to 41.0 per cent from 37.3 per cent in the March 2013 quarter while capacity utilization in the bauxite industry fell to 92.7 per cent from 95.5 per cent in the corresponding quarter of 2013. Consistent with the foregoing, total bauxite production increased by 4.9 per cent reflecting an expansion of 9.9 per cent in alumina production as crude bauxite production fell by 6.2 per cent (see **Figure 3.3**).

Figure 3.4
Total Stop-over Visitor Arrivals & Visitor Expenditure
(12-Month Per Cent Change)



Source: Jamaica Tourist Board

Figure 3.5
Total Electricity Generation & Water Production
(12-Month change)



Sources: Jamaica Public Service & National Water Commission

In the context of higher spending on road improvement under the Jamaica Development Infrastructure Programme, continued work on the Highway 2000 Project as well as hotel projects, ***Construction*** is estimated to have registered the fifth consecutive quarter of growth. Expansion in the industry was also inferred from increases of 21.0 per cent and 1.6 per cent in cement production and domestic sales, respectively, relative to March 2013.

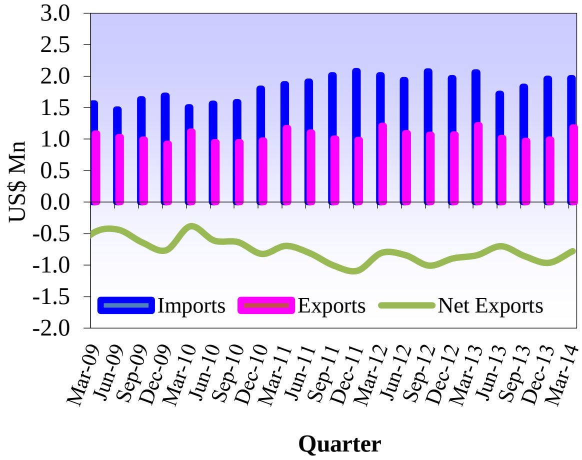
For the March 2014 quarter, ***Hotels & Restaurants*** is estimated to have expanded marginally, relative to a contraction of 2.2 per cent in the corresponding quarter of 2013. ***Hotels*** is estimated to have expanded based on increases of 0.2 per cent and 0.5 per cent in stop-over visitor arrivals and visitor expenditure, respectively, when compared with the March 2013 quarter (see **Figure 3.4**). **Restaurants** is estimated to have been relatively flat due to persistent weak demand.

Electricity & Water Supply is assessed to have expanded for the second consecutive quarter and was in contrast to the decline of 3.0 per cent in the March 2013 quarter. For the review period, the performance of the industry reflected increases of 0.4 per cent and 0.9 per cent in electricity consumption and water production, respectively (see **Figure 3.5**). Expansion in electricity consumption occurred in the context of higher generating capacity amidst increased demand, while growth in water production was reflective of improved weather relative to the severe drought conditions in the corresponding period of last year.

Aggregate Demand

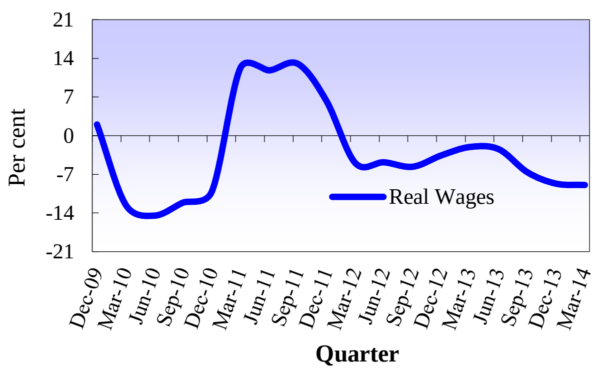
Growth in aggregate demand for the review quarter was inferred from an estimated increase in ***Gross Fixed Capital Formation*** and an improvement in ***Net External Demand***, the impact of which was partly offset by an assessed contraction in ***Final Consumption***. The expansion in ***Gross Fixed Capital Formation*** was chiefly reflective of an uptick in private investment, partly offset by a decline in public investment. Underpinning the increase in private investment was an improvement in direct investment, which mainly reflected infrastructural works associated with Highway 2000 as well as hotels and business process outsourcing projects. The contraction in public investment was inferred from a reduction in the Central Government's capital expenditure, consistent with ongoing fiscal consolidation.

Figure 3.6
Trends in Exports and Imports of Goods and Services



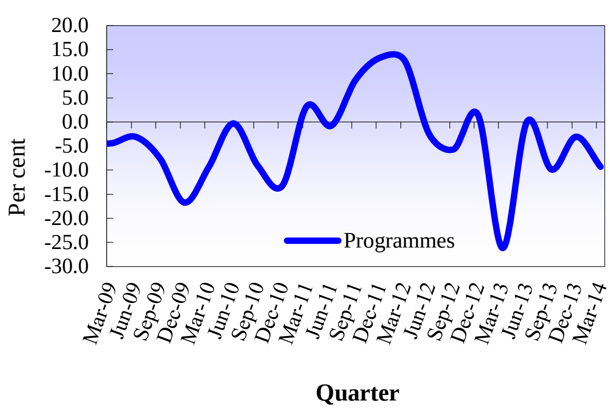
Sources: BOJ & STATIN

Figure 3.7
Trends in Real Wages



Source: STATIN

Figure 3.8
Trends in Expenditure for Programmes



Source: STATIN

The estimated improvement in ***Net External Demand*** occurred in a context where a contraction in imports outweighed a decline in exports. Specifically, contractions of 4.6 per cent and 2.6 per cent were estimated for imports and exports, respectively (see **Figure 3.6**). Of note, the estimated decline in imports reflected reductions of 7.3 per cent and 11.7 per cent in non-fuel raw material and capital goods, respectively, the impact of which was partly offset by growth of 6.8 per cent in consumer goods. The assessed decline in exports chiefly reflected contractions of 5.5 per cent and 11.1 per cent in exported volumes of bauxite and coffee, respectively.

Final Consumption is estimated to have contracted reflecting declines in both ***Private Final Consumption*** and ***Government Consumption***. The reduction in ***Private Final Consumption*** occurred in the context of continued decline in real wages (see **Figure 3.7**). The estimated contraction in ***Government Consumption*** was mainly inferred from a decline in expenditure for programmes (see **Figure 3.8**).

FY2013/14

Given the estimated outturn for the March 2014 quarter, real GDP growth for FY2013/14 is estimated at the upper bound of the forecast range of 0.0 per cent to 1.0 per cent. This represented an improvement relative to the contraction of 0.7 per cent for the preceding fiscal year and was reflected in increases in the tradable and non-tradable industries. The performance of the economy was influenced by an improvement in international economic conditions, which facilitated modest increases in tourism and remittance inflows. Notwithstanding the improvement in remittance inflows to Jamaica, growth in domestic demand remained weak in a context of continued high unemployment and falling real wages.

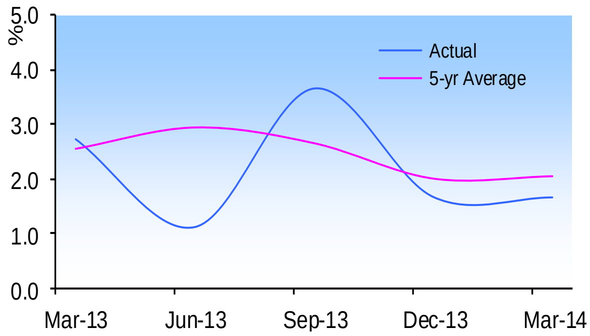
Labour Market

Following nine consecutive quarters of increase, the unemployment rate (UR) in January 2014 declined by 1.1 percentage points to 13.4 per cent compared to the corresponding period of 2013. The fall in UR was reflective of an increase in employment of 1.8 per cent which outweighed the marginal growth of 0.6 per cent in the labour force. While the increase in the labour force reflected a reduction of 1.0 per cent in the inactivity rate, indicative of an increase in persons that want jobs, there was a decline of 0.6 percentage point in the job seeking rate, as less persons sought jobs relative to January 2013.[15]

[15] The inactivity rate is the proportion of the population that is not in the labour force (OECD), while the job seeking rate is the percentage of the labour force actively seeking work (STATIN).

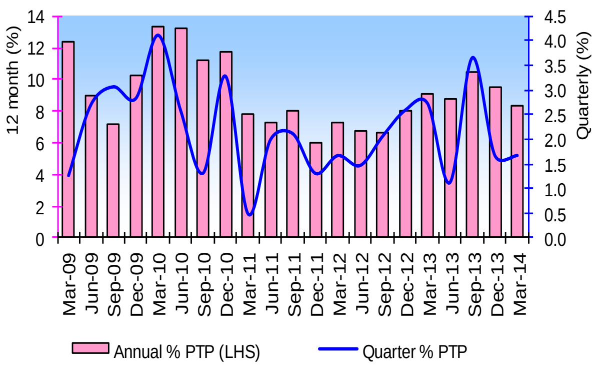
4. Inflation

Figure 4.1
Quarterly Inflation



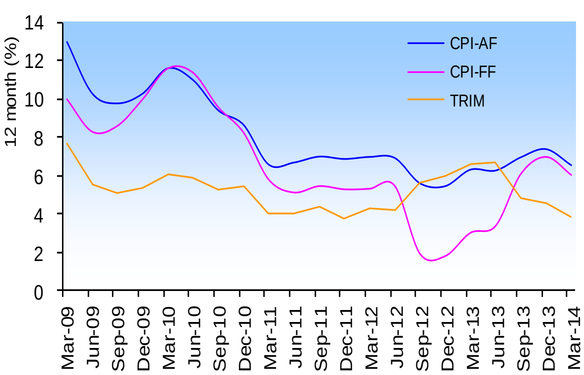
Source: STATIN

Figure 4.2
Inflation (Annual & Quarterly Point-to-point)



Source: STATIN

Figure 4.3
Annual Trends in Core Inflation



Source: BOJ

Headline inflation for the March 2014 quarter was 1.7 per cent, similar to the outturn for the December 2013 quarter but below the average for March quarters of the last five years. Inflation for the review quarter primarily reflected the increase in international oil prices, the pass-through of depreciation in the domestic currency and to a lesser extent the increase in the National Minimum Wage. However, weak domestic demand conditions and above average supply of domestic agricultural commodities moderated inflation for the quarter. Inflation for FY2013/14 was 8.3 per cent, lower than the 9.1 per cent recorded for the previous fiscal year.

Trends in Price Indices

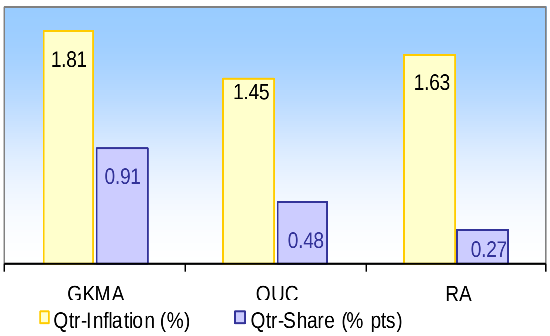
Inflation, as measured by the change in the All Jamaica Consumer Price Index (CPI), was 1.7 per cent for the March 2014 quarter similar to the outturn for the December 2013 quarter and compared favourably with the average of 2.2 per cent for the March quarters of the last five years (see **Figures 4.1** and **4.2**). The outturn for the review quarter was also within the Bank's forecast range of 1.5 per cent to 2.5 per cent outlined in the December 2013 report. Inflation for January, February and March was 0.5 per cent, 0.1 per cent and 1.1 per cent, respectively.

Underlying Inflation

The quarterly change for the three core measures of inflation monitored by the Bank: CPI without Food & Fuel (CPI-FF), CPI without Agriculture & Fuel (CPI-AF) and Trimmed Mean (TRIM) inflation were 1.6 per cent, 1.6 per cent and 0.9 per cent, respectively, relative to 1.9 per cent, 1.9 per cent and 1.0 per cent for the previous quarter. The reduction in the core measures for the review quarter largely reflected lower price increases for some household durables, health care and miscellaneous services.

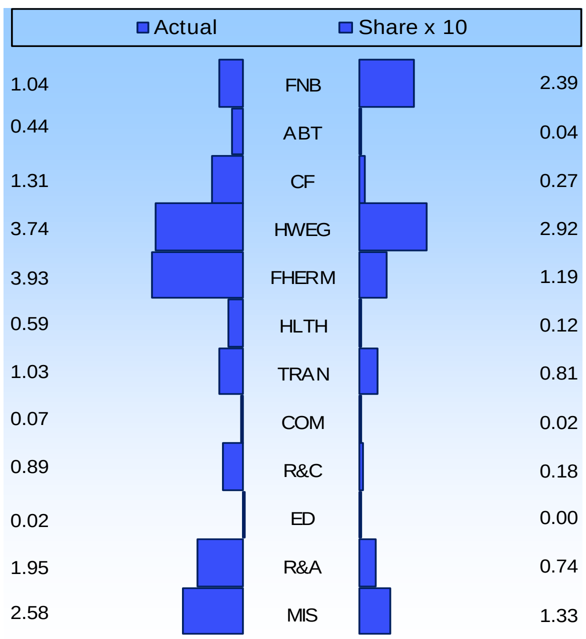
At end-March 2014, the respective 12-month measures of the CPI-FF and CPI-AF were 6.0 per cent and 6.5 per cent, relative to the corresponding measures of 3.0 per cent and 6.3 per cent as at end-March 2013. In contrast, the 12-month TRIM was 3.8 per cent at end-March 2014 in comparison to the 6.6 per cent recorded as at end-March 2013 (see **Figure 4.3** and **Table 1** in **Appendix C**).

Figure 4.4
Geographical Distribution of Inflation and Share
March 2014 quarter



Sources: STATIN & BOJ

Figure 4.5
Inflation by Division



Blue bars = positive and Red bars = negative

MIS= Miscellaneous Goods & Services, R&A=Restaurants & Accommodation Services, ED=Education, R&C=Recreation & Culture, COM=Communication, TRAN= Transport, HLTH=Health, FHERM= Furnishings, Household Equipment & Routine Household Maintenance, HWEG=Housing, Water, Electricity, Gas & Other Fuels, C&F=Clothing & Footwear, ABT=Alcohol, Beverages & Tobacco, FNB=Food & Non-Alcoholic Beverages

Source: STATIN

Regional Inflation

For the review quarter, the Greater Kingston Metropolitan Area (GKMA) reflected the highest increase in prices among the three regions (see **Figure 4.4**). The higher inflation in GKMA relative to the other regions was primarily driven by generally stronger price increases within *Food & Non-Alcoholic Beverages* (FNB) and *Furnishings, Household Equipment & Routine Household Maintenance* (FHERM).

Main Factors

Inflationary pressures during the March 2014 quarter largely reflected the impact of increased fuel and energy cost. In addition, inflation reflected the pass-through of continued depreciation of the domestic currency. Administrative price adjustments also contributed to inflation during the quarter.

International Commodity Prices

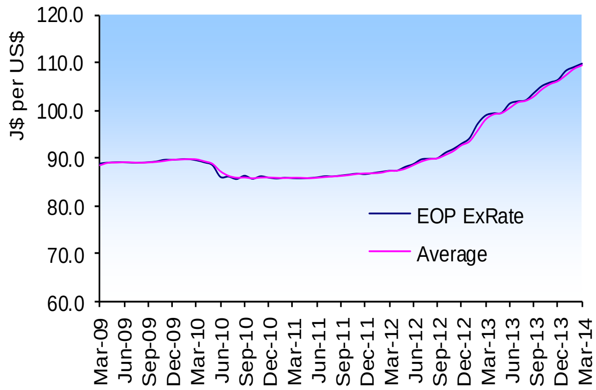
Crude oil prices, as measured by the benchmark West Texas Intermediate (WTI), increased by an average of 1.2 per cent for the review quarter, in contrast to the decline of 7.9 per cent for the December 2013 quarter (see **International Developments**). This increase contributed to higher prices for petrol, automotive lubricants and electricity. In this regard, *Housing, Water, Electricity, Gas & Other Fuels* (HWEG) and *Transport* (TRAN) contributed 37.3 per cent of inflation for the quarter (see **Figure 4.5**).

The BOJ Grains Price Index increased by 2.0 per cent for the March 2014 quarter following five consecutive quarters of decline (see **International Developments**). The rise in the index for the review quarter reflected increases in the prices of corn and wheat, the impact of which was partly offset by a decline in the price of rice. Given the lagged impact of the rise in the index, the effect on FNB was marginal during the review quarter.

Exchange Rate

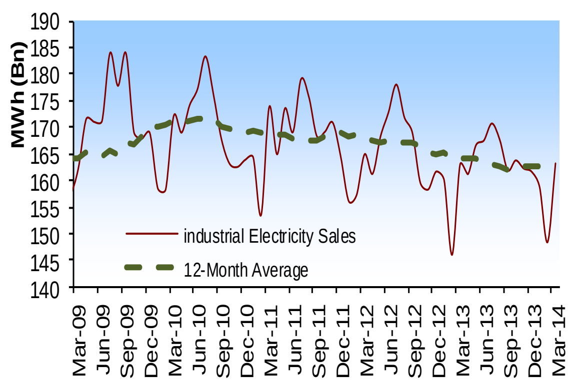
The WASR of the Jamaica Dollar vis-à-vis the United States dollar depreciated by 2.9 per cent for the March 2014 quarter following depreciation of 2.6 per cent for the December 2013 quarter (see **Figure 4.6** and **Foreign Exchange Market**). The continued depreciation of the currency contributed to inflationary pressures during the quarter.

Figure 4.6
Monthly End of Period Exchange Rate (JMD per USD)



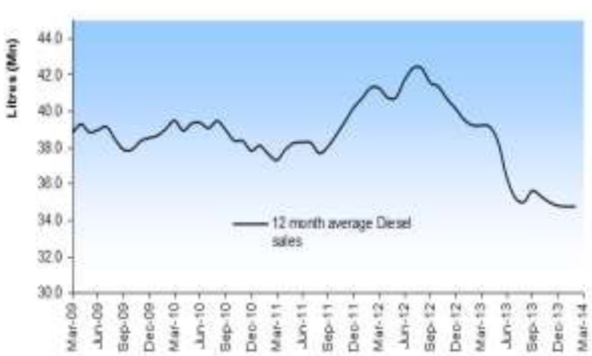
Source: BOJ

Figure 4.7
Industrial Electricity Sales



Source: JPSCo.

Figure 4.8
12 Month Average Diesel Sales



Source: Petrojam

This was particularly evidenced in FNB where increased prices for processed foods contributed 30.0 per cent to overall inflation. Some pass-through of exchange rate depreciation was also evidenced in Clothing & Footwear, Restaurants & Accommodation and Miscellaneous Goods & Services. However, this impact continued to be moderated by persistent weak domestic demand conditions.

Administrative Costs

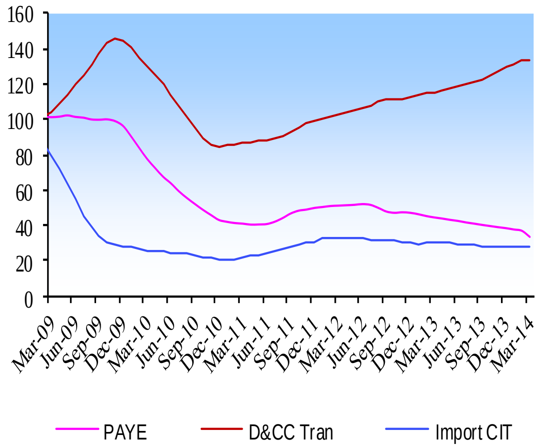
In January 2014, the Ministry of Labour and Social Security announced a 12.0 per cent increase in the National Minimum Wage. The increase contributed to a rise of 3.9 per cent in FHERM which accounted for 11.9 per cent of inflation for the quarter (see **Figure 4.5** and **Table 2A** in **Appendix C**). Additionally, in February 2014 the Incorporated Masterbuilders Association of Jamaica granted an increase of 6.0 per cent in the wages of artisans. This increase contributed to the overall rise in HWEG for the quarter. Furthermore, inflationary pressures during the review quarter emerged from some seasonal increases in premiums for automotive insurance as well as a significant rise in the cost of marriage and birth certificates.

Aggregate Supply

Supplies of domestic agricultural crops increased during the March 2014 quarter leading to a reduction in prices. Specifically, the prices of vegetables and starchy foods declined by an average of 0.5 per cent per month over the review period. Against this background, reduced prices for these commodities tempered the movement in FNB, offsetting approximately 6.3 per cent of overall inflation for the quarter.

Industrial electricity sales, a proxy for productive activity among manufacturers, hotels and distributive traders, increased during the review quarter. The rise in the 12-month average of the index, though marginal, reflected the first quarterly increase since a brief expansion in 2012 (see **Figure 4.7**). In contrast, there was a marginal reduction in automotive diesel sales, another proxy for industrial activity (see **Figure 4.8**). The performance of these indicators supports the assessment of continued weak supply conditions, albeit improving.

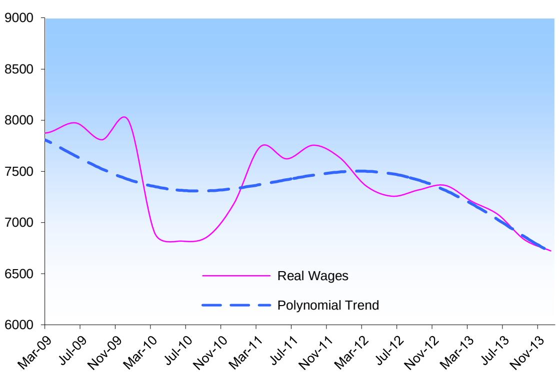
Figure 4.9 [16]
Selected Spending Indicators



* PAYE = real personal income tax receipts, D&CC TRAN = real Debit & Credit Card Transaction Value, Import CIT = real Import

Sources: STATIN, JETS, GOJ

Figure 4.10
Real Wages (Quarterly)



Source: STATIN

Consumer Demand

Weak demand conditions, inferred from a decline in the 12-month average of real PAYE tax receipts, real imports and real wages, continued to constrain inflation during the March 2014 quarter. Nevertheless, some improvement in demand conditions was evident in the decline in unemployment rate during the review quarter (see **Real Sector Developments, Figures 4.9** and **4.10).**

Fiscal Year

For FY2013/14, inflation was 8.3 per cent, compared to the outturn of 9.1 per cent for the previous fiscal year. During the review year, TRAN, FNB and HWEG accounted for 30.9 per cent, 30.7 per cent and 12.6 per cent, respectively, of the inflation outturn. The rise in TRAN was chiefly due to the increase in bus and taxi fares during the September quarter and was the main contributor to inflation for the review year. The increase in FNB mainly reflected higher prices for processed foods, while higher rates for electricity, water and sewage contributed to a sharp upward movement in HWEG relative to FY2012/13. Notably, there was a decline of 4.2 per cent in *Communication* following the significant fall of 39.4 per cent recorded for FY2012/13.

[16] The indices represented are derived from quarterly per cent changes in the annual average of the respective variables using Dec. 2007 as the base year.

5. Economic Outlook and Monetary Policy

The economy is expected to continue to recover in the June 2014 quarter recording a fourth consecutive quarter of growth. Specifically, real GDP growth is forecasted within the range of 0.5 per cent to 1.5 per cent. This projection is underpinned, primarily by expectations of continued recovery in both domestic agriculture and Mining & Quarrying following industry-specific shocks in the corresponding period of 2013. While showing signs of improvement, domestic demand conditions are anticipated to remain weak due to the effects of fiscal consolidation and falling real wages. For fiscal year FY2014/15, real GDP growth is forecasted to be within the range of 1.0 per cent to 2.0 per cent. This forecast is predicated on the assumption that the global economy will maintain its steady pace of recovery in response to the extended period of expansionary monetary policy.

Growth is expected to continue in the June 2014 quarter.

Domestic inflation is forecast in the range of 1.0 per cent to 2.0 per cent for the June 2014 quarter. This forecast reflects the impact of announced revenue measures, price increases for select processed foods as well as continued effects from rising imported inflation due to higher energy costs and imported grain prices as well as further pass-through of exchange rate depreciation. Inflation for FY2014/15 is projected within the range of 7.0 per cent to 9.0 per cent.

For the June 2014 quarter, the Bank will continue to focus on maintaining single digit inflation and achieving the monetary targets under the Extended Fund Facility while ensuring adequate Jamaica Dollar (JMD) liquidity in the financial system.

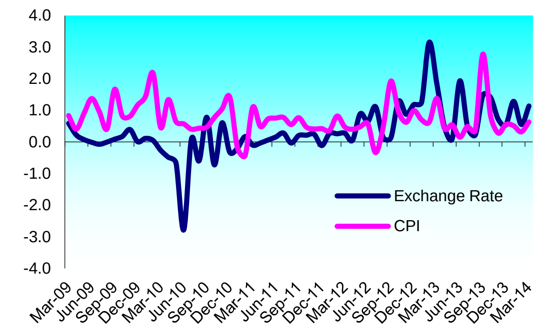
Outlook - June 2014 Quarter

Inflation

Inflation reflects lagged pass-through of domestic currency depreciation and imported energy costs.

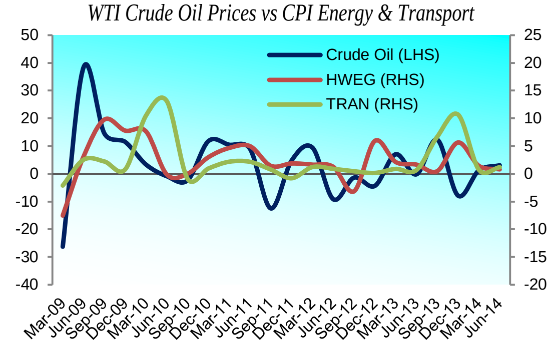
Domestic inflation, as measured by the change in the Consumer Price Index (CPI), is forecasted in the range of 1.0 per cent to 2.0 per cent for the June 2014 quarter. This forecast is relative to inflation of 1.7 per cent for the March 2014 quarter and an average of 2.0 per cent for June quarters of the last five years. The projection is underpinned by announced and anticipated increases in the prices of processed foods largely reflecting the impact of seasonal demand during the Easter period as well as the influence of rising international grain prices and some pass-through of exchange rate depreciation. In addition, inflation in the quarter is expected to reflect the impact of the announced revenue measures. There is also expected to be some upward pressure from a marginal increase in

Figure 5.1
Monthly Percentage Changes in
Exchange Rate and Headline Inflation



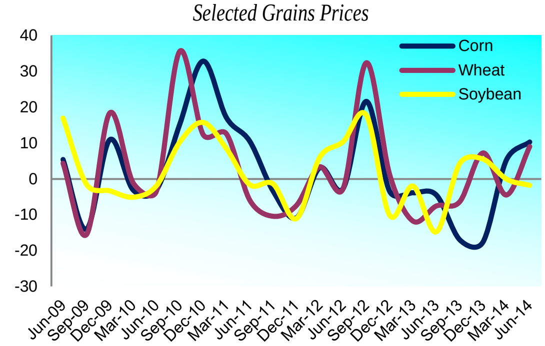
Sources: BOJ and STATIN

Figure 5.2A
Average Quarterly Percentage Change in
WTI Crude Oil Prices vs CPI Energy & Transport



Sources: STATIN and Bloomberg

Figure 5.2B
Average Quarterly Percentage Change in CPI
Selected Grains Prices



Sources: World Bank Pink Sheets

domestic energy costs over the June 2014 quarter consistent with moderate increases in international crude oil price over both the March and June 2014 quarters. However, some restraint to inflationary pressures is expected from persistent weakness in consumer demand associated with the decline in real wages and the continuation of excess capacity conditions.

Imported Inflation

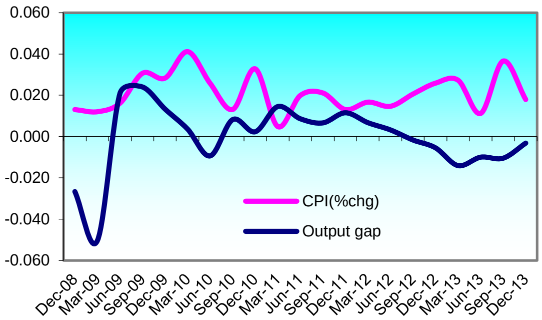
The BOJ index of import prices is expected to increase by 1.0 per cent for the June 2014 quarter, similar to the rise in the March 2014 quarter. This forecast reflects the anticipated increase in the average price of agricultural raw materials as well as international fuel prices (see **Figures 5.2A** & **5.2B**).

The projected increase in international grain prices reflects expectations for deterioration in weather conditions in major producing territories. This increase should contribute to inflationary pressures among processed food items. The projected increase in the price of crude oil during the June 2014 quarter primarily reflects the effect of increased geopolitical tensions between Russia and Ukraine. However, the movement in price is expected to be tempered by lower demand for heating oil following the winter season. The overall increase should result in higher cost for transportation and electricity generation during the June 2014 quarter. In this regard, *Transportation* (TRAN) and *Housing, Water, Electricity, Gas and Other Fuels* (HWEG) are expected to increase during the quarter. In addition, some pass-through of exchange rate depreciation is expected to be reflected in the costs of energy, processed foods and some services.

Administered Inflation

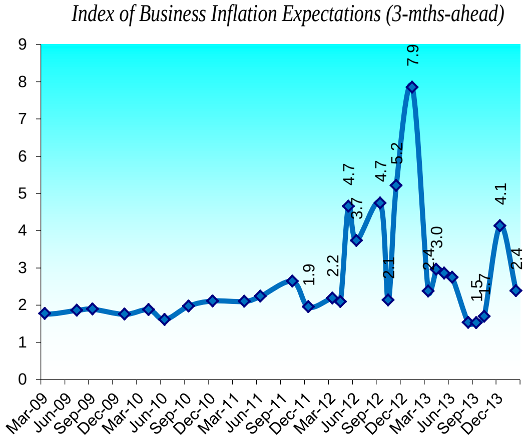
During the June 2014 quarter, inflation is expected to reflect revenue measures announced by the Government of Jamaica (GOJ) in the FY2014/15 budget debate. The main inflationary impulse arising from these measures is anticipated from an increase in the Special Consumption Tax (SCT) levied on alcoholic beverages to $1 120.00 per litre to standardize the tax regime levied on such products. The effect of this measure should be reflected in *Alcoholic Beverages* and *Restaurants & Accommodation Services* in the CPI.

Figure 5.3
Trends in Domestic Headline Inflation and the Output Gap (Quarterly per cent change)



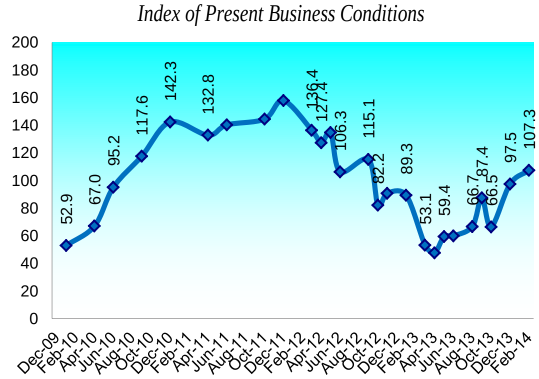
Sources: BOJ and STATIN

Figure 5.4
Index of Business Inflation Expectations (3-mths-ahead)



Source: BOJ

Figure 5.5
Index of Present Business Conditions



Source: BOJ

Domestic Capacity Conditions

Excess capacity conditions should continue to restrain price increases in the June 2014 quarter. The output gap is expected to remain negative in the context of persistent weakness in the economy but should narrow as the economy gradually rebounds (see **Figure 5.3**). This excess capacity will continue to influence declines in real wages associated with high unemployment levels.

Inflation Expectations

The result of the Bank's survey of Inflation Expectations, conducted during the March 2014 quarter, indicated that businesses expect the 'three month ahead' inflation to be approximately 2.4 per cent (see **Figure 5.4**). This expectation is within the Bank's forecast range for the June 2014 quarter. Businesses indicated that the production costs most likely to increase over the three months ahead are utility rates, fuel & transport, stock replacement and raw materials. Wages & salaries, however, remained as the least likely to increase over the next 'three months'. Businesses, expressed similar sentiments about production costs over the 12-month horizon.

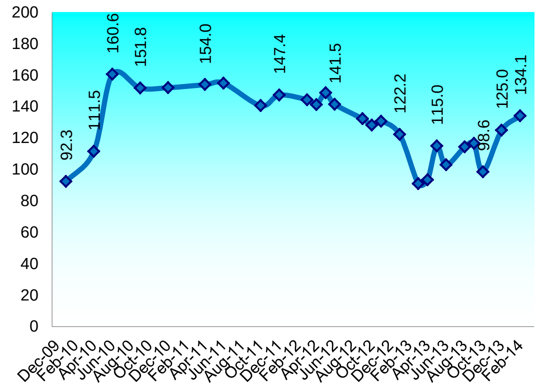
Output

Real GDP growth is projected to be within the range of 0.5 per cent and 1.5 per cent for the June 2014 quarter. This forecast primarily reflects recovery for *Agriculture, Forestry & Fishing* and *Mining & Quarrying*.

The growth anticipated for *Agriculture, Forestry & Fishing* largely reflects recovery from the effects of Hurricane Sandy in late 2012 and drought conditions experienced in the first half of 2013. *Mining & Quarrying* is largely expected to reflect a return to normal capacity utilization at the Jamalco alumina plant subsequent to repairs undertaken over the corresponding period of 2013.

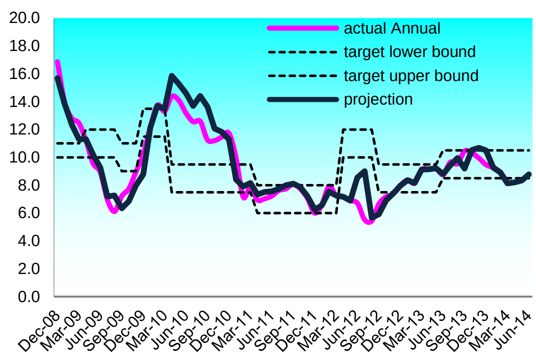
The forecast for growth is supported by the assessment of both the perception of present and future business conditions which improved relative to the previous survey (see **Figures 5.5** and **5.6**). Additionally, the Jamaica Chamber of Commerce's survey of Business and Consumer Confidence reported a significant improvement in confidence in the March 2014 quarter. Of note, business confidence surged to the highest level since the March 2012 quarter while consumer confidence rose to the highest level since the December 2012 quarter.

Figure 5.6
Index of Future Business Conditions



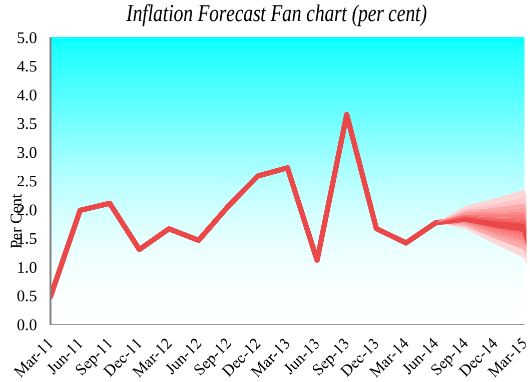
Source: BOJ

Figure 5.7
Consumer Price Index
(Annual point-to-point change)



Sources: BOJ and STATIN

Figure 5.8
Inflation Forecast Fan chart (per cent)



Sources: STATIN and BOJ Forecast range

Outlook - FY2014/15

The BOJ is projecting global growth in the range of 3.5 per cent to 4.5 per cent for FY2014/15. Growth is expected to reflect expansions primarily in the USA, UK, China, Canada and Japan. The projection for growth in the global economy continues to reflect recovery, largely due to the extended period of monetary easing among advanced economies.

Continued recovery in the global economy, coupled with ongoing improvements in Jamaica's external competitiveness is expected to contribute to growth in domestic economic activity. However, weak demand is expected to persist in the context of falling real wages and fiscal consolidation. In this regard, Jamaica's real GDP growth is projected within the range of 1.0 per cent to 2.0 per cent for FY2014/15. The growth for the fiscal year is largely based on projected expansions in *Agriculture, Forestry & Fishing, Hotels & Restaurants, Real Estate, Renting & Business Activities, Electricity & Water Supply* and *Transport, Storage & Communication.*

Domestic inflation is projected within the range of 7.0 per cent to 9.0 per cent for FY2014/15 (see **Figure 5.7**). This forecast reflects the expected impact of some pass-through of exchange rate depreciation to domestic food and energy prices, revenue measures and moderate increase in international commodity prices.

Risks

The Bank perceives the risks to the inflation forecast to be balanced (see **Figure 5.8**). The upside risks include the potential for higher than expected crude oil prices and stronger than anticipated pass-through from domestic currency depreciation and elevated inflation expectations. There is also the risk of a sharp increase in the electricity rates due to an expected tariff adjustment during the year. Downside risks include lower than expected international grain prices and better than expected domestic weather conditions. Also, a stronger than anticipated impact from fiscal consolidation and further declines in real wages could constrain price increases.

The risks pertaining to domestic output remain skewed to the downside. These risks include weaker than expected domestic demand, slower than anticipated global growth, delays in key infrastructural projects and adverse weather. The upside risks includes a faster than expected pace of global growth and a greater than expected impact from initiatives aimed at boosting productivity and competitiveness. In addition, continued improvement in investor confidence could result in positive fillip for domestic economic growth.

Monetary Policy

In the context of the current outlook for inflation, monetary policy will continue to focus on containing inflation expectations. In addition, the Bank is committed to managing JMD liquidity in order to ensure stability in the financial system while achieving the monetary targets under the EFF.

Appendices

A. Fiscal Developments: March 2014 Quarter (Preliminary)

Preliminary data for the March 2014 quarter indicate that the Central Government recorded a fiscal surplus of $21.4 billion relative to a budgeted surplus of $16.7 billion, reflecting lower than anticipated Expenditure and marginally higher than expected Revenue & Grants. The primary surplus exceeded the budget by $48.1 million while the current surplus of $32.1 billion was $10.6 billion above budget. For FY2013/14, the Government recorded a fiscal surplus of $1.7 billion or 0.1 per cent of GDP relative to the targeted deficit of $8.0 billion or 0.5 per cent of GDP. The outturn reflected lower than planned Expenditure, the impact of which was partly offset by a shortfall in Revenue & Grants. The primary surplus was $111.7 billion or 7.6 per cent of GDP, exceeding the EFF target by $137.9 million.

Expenditure was $3.9 billion below budget for the March 2014 quarter, reflected in lower than budgeted *Recurrent Expenditure.* The lower *Recurrent Expenditure* was due to domestic and foreign interest payments being below budget, the impact of which was partly offset by higher wages and salaries. There was also an offsetting impact from higher than budgeted Capital Expenditure. For April 2013 to March 2014, all areas of expenditure were below budget. In particular, within *Recurrent Expenditure* the largest deviation was reflected in domestic interest payments related to the finalisation of the National Debt Exchange. Lower than budgeted Capital Expenditure was mainly related to project delays partly due to restraint in government spending against the backdrop of lower than expected revenue as well as a slower pace of implementation.

Revenue & Grants for the review quarter was $748.7 million above budget, reflecting higher than anticipated Non-Tax Revenue, the impact of which was partly offset by lower than expected Tax Revenue and Grants. The higher than expected Non-Tax Revenue reflected the receipt of fees associated with the renewal of telecommunication licenses. The deviation in Tax Rrevenue largely reflected shortfalls in *International Trade* and *Income & Profits*, in particular 'other companies', customs duty, SCT (Imports) and GCT (Imports). Lower receipts from *International Trade* were due to import values being below forecast while the outturn for *Income & Profits* was due to low compliance and a weak labour market. For FY2013/14, Revenue & Grants was $10.2 billion below budget, reflecting a shortfall of $16.7 billion in Tax Revenue, the impact of which was partly offset by higher than expected Non-Tax Revenue. The shortfall in Tax Revenue was reflected in lower tax receipts from SCT (imports), custom duty, PAYE, GCT (imports), stamp duty (local) and 'other companies', the impact of which was partly offset by higher than expected receipts from travel tax.

For the FY2013/14, there was net use of foreign financing of $23.4 billion, largely reflecting loan inflows from the World Bank, the International Monetary Fund and the Inter-American Development Bank. With regards to domestic financing, the Government net amortized $25.1 billion, reflecting primarily in the amortization of three USD Benchmark Investment notes between January and February 2014.

Appendix Table 1

CENTRAL GOVERNMENT SUMMARY ACCOUNTS
FY 2013/14
(J$MN)

	FY 2013/14 Q4	Budget Q4	Variance	%	FY 2013/14 Q1- Q4	Budget Q1- Q4	Variance	%
Revenue & Grants	122 361.9	121 613.2	748.7	0.6	396 981.6	407 160.4	-10 178.8	-2.5
Revenue	120 221.3	115 224.7	4 996.6	4.3	386 553.1	397 738.	-11 184.9	-2.8
Tax Revenue	101 184.7	105 356.3	-4 171.6	-4.0	343 838.2	360 517.6	-16 679.4	-4.6
Non-Tax Revenue	18 782.5	8 824.4	9 958.1	112.8	41 047.1	34 553.2	6 493.9	18.8
Bauxite Levy	125.2	510.	- 384.8	-75.4	1 009.5	1 540.2	- 530.7	-34.5
Capital Revenue	128.9	534.	- 405.1	-75.9	658.2	1 127.	- 468.8	-41.6
Grants	2 140.6	6 388.5	-4 247.9	-66.5	10 428.5	9 422.4	1 006.1	10.7
Expenditure	101 006.7	104 877.3	-3 870.6	-3.7	395 241.7	415 206.1	-19 964.4	-4.8
Recurrent Expenditure	88 000.	93 193.8	-5 193.8	-5.6	358 252.8	370 484.3	-12 231.5	-3.3
Programmes	22 810.8	23 769.8	- 959.	-4.0	91 971.7	93 664.1	-1 692.4	-1.8
Wages & Salaries	36 574.9	36 238.5	336.4	0.9	156 361.6	157 253.3	- 891.7	-0.6
Interest	28 614.3	33 185.5	-4 571.2	-13.8	109 919.5	119 566.9	-9 647.4	-8.1
Domestic	21 748.9	24 162.3	-2 413.4	-10.0	68 728.9	75 523.2	-6 794.3	-9.0
Foreign	6 865.4	9 023.2	-2 157.8	-23.9	41 190.6	44 043.7	-2 853.1	-6.5
Capital Expenditure	13 006.7	11 683.5	1 323.2	11.3	36 988.9	44 721.8	-7 732.9	-17.3
Non-interest expenditure	72 392.4	71 691.8	700.6	1.0	285 322.2	295 639.2	-10 317.0	-3.5
Fiscal Balance	21 355.3	16 735.9	4 619.4	27.6	1 739.9	-8 045.7	9 785.6	-121.6
Current Balance	32 092.5	21 496.9	10 595.6	49.3	27 642.1	26 126.7	1 515.4	5.8
Primary balance	49 969.5	49 921.4	48.1	0.1	111 659.4	111 521.2	138.2	0.1
	In Percent of GDP							
BR	-1.4	-1.1			-0.1	0.5		
CB	2.2	1.4			1.9	1.8		
PB	3.4	3.3			7.6	7.5		
IP	1.9	2.2			7.5	8.0		
FSR	-0.8	-0.9			-1.0	-1.0		
NIE	4.9	4.8			19.4	19.8		

Key
BR = Borrowing Requirement = Fiscal Balance as a percent of GDP
CB= Current Balance = Current Revenue-Current Expenditure as a percent of GDP
PB= Primary Balance = Total Revenues-Total Expenditures less Interest Payments (IP) as a percent of GDP
IP= Interest Payments as a percent of GDP
FSR=Fiscal Stability Ratio = (Overall Balance/ Total Revenue) - 1

International Benchmarks

BR greater than 3% of GDP often indicates serious fiscal imbalance
FSR closer to zero indicates more stable government finances
Negative CB ratio of less than 1% indicates dissaving or a need for fiscal adjustment as the public sector is borrowing for consumption
PB ratio above zero indicates major fiscal adjustment to cover interest on past obligations

** Recurrent Expenditure includes programmes, wages and salaries and interest payments.*

B. MONETARY POLICY DEVELOPMENTS

02/01/2009 The CRR and the LAR for both domestic and foreign currency liabilities of commercial banks, institutions licensed under the Financial Institutions Act and building societies were increased by 2 percentage points to 13% and 27% respectively in the case of domestic currency liabilities and 11% and 25%, respectively in the case of foreign currency liabilities.

03/02/2009 The Bank of Jamaica established the Foreign Exchange Surrender Facility for public sector entities (PSE Facility). The aim of the facility is to centralize foreign currency demand of the public sector, especially Port Authority of Jamaica (PAJ), National Water Commission (NWC) and Petrojam. Under this facility Commercial Banks agreed to surrender fifteen per cent (15%) of foreign currency purchases daily. The pre-existing requirement where Authorized Dealers and Cambios surrender within a range of five per cent (5%) to ten per cent (10%) of their gross foreign currency purchases from commercial clients remains in effect. Therefore commercial banks are to surrender, in total between twenty per cent (20%) to twenty-five per cent (25%) of foreign currency purchases daily.

06/02/2009 The CRR and the LAR in respect of Jamaica Dollar liabilities of deposit-taking institutions were increased by 1 percentage point to 14% and 28% respectively. The respective ratios relating to foreign currency liabilities remained unchanged at 11% and 25%.

The CRR and LAR are differentially applied to Building Societies. Domestic currency reserve requirements are based on meeting the 40% threshold of domestic currency denominated qualifying assets in relation to domestic currency deposits and withdrawable shares. Foreign currency requirements are determined by meeting the 40% threshold of all (domestic and foreign currency) qualifying assets against all deposits and withdrawable shares. Accordingly, cash reserve ratios of one per cent and fourteen per cent (1% and 14%) and the liquid assets ratios of five per cent and 28 per cent (5.0% and 28%) apply to Building Societies, depending on whether they meet the aforementioned 40 per cent (40%) threshold in respect of the above-mentioned prescribed domestic currency liabilities.

Similarly, in the case of liabilities payable in foreign currency, cash reserve ratios of one per cent and eleven per cent (1% and 11%) and the liquid assets ratios of five per cent and 25 per cent (5.0% and 25%) apply, depending on whether the Societies meet the 40 per cent (40%) threshold. Societies that meet the prescribed 'qualifying assets' threshold attract the lower cash reserve and liquid assets requirements. The higher requirements apply to those Societies which fail to meet the prescribed thresholds.

08/04/2009 The rate payable on a 1-year Certificate of Deposit issued by Bank of Jamaica was reduced to 22.67 per cent. Rates on other tenors remained unchanged.

Tenor	30 days	60 days	90 days	120 days	180 days	365 days
New rates (%)	**17.00**	**17.50**	**20.00**	**20.20**	**21.50**	**22.67**
Previous rates	17.00%	17.50%	20.00%	20.20	21.50%	24.00%

The previous rate of 24 per cent included a premium that the Bank had offered to encourage longer term placements by investors. The adjustment on the one-year CD removed that premium and brought the yield on a 1-year placement in line with that earned on a 180 – day BOJ instrument.. It was noted that while rates had been falling in recent auctions of Treasury Bills, the then current yield on a 6-month Bill remained above the comparable BOJ rate.

03/06/2009 The Bank of Jamaica temporarily ceased offering its 1-year OMO instrument to Primary Dealers and Commercial Banks.

24/07/2009 Interest rates applicable to Bank of Jamaica's open market instruments were reduced by 100 basis points.

The revised schedule of rates is as follows:

Tenor	30 days	60 days	90 days	120 days	180 days
New rates (%)	**16.00**	**16.50**	**19.00**	**19.20**	**20.50**
Previous rates	**17.00**	**17.50**	**20.00**	**20.20**	**21.50**

This action came against the background of positive trends in key monetary policy indicators. Notably, the twelve month point-to point rate of inflation as at June 2009 fell to 9.0 per cent, from 12.4 per cent at the end of fiscal year 2008/09 and 24.0 per cent as at June 2008. This outturn was underpinned by continued stability in the foreign exchange market.
Additionally, the BOJ's gross foreign reserves had stabilized at US$1.6 billion.

The prospects for continued stability in money and foreign exchange markets were strengthened by the Government's decision to secure a Stand-by Arrangement with the International Monetary Fund. Finalization of an agreement would pave the way for additional inflows from other multilateral institutions and a reduction in the Government's reliance on domestic financing.

30/07/2009 Effective Thursday, 30 July 2009, the interest rates applicable to Bank of Jamaica's open market instruments will be reduced by 150 basis points across all tenors. The revised schedule of rates is as follows:

Tenor	30 days	60 days	90 days	120 days	180 days
New rates (%)	**14.50**	**15.00**	**17.50**	**17.70**	**19.00**
Previous rates	**16.00**	**16.50**	**19.00**	**19.20**	**20.50**

This further rate reduction occurred against the background of continued improvements in the money markets, reflected in the continued reduction in the yields on GOJ Treasury Bills. In addition, this action reflected the Bank's assessment that in the context of an extended period of stability in the foreign exchange market, inflation was likely to be lower than the 11 - 14 per cent range originally targeted for fiscal year 2009/2010. Further, the demand for foreign exchange to meet current payments and for portfolio purposes had slowed. In this context, the Bank's holdings of foreign exchange reserves remained adequate.

20/08/2009 Interest rates applicable to Bank of Jamaica's open market instruments were reduced by 100 basis points. The revised schedule of rates is as follows:

Tenor	30 days	60 days	90 days	120 days	180 days
New rates (%)	**13.50**	**14.00**	**16.50**	**16.70**	**18.00**
Previous rates	**14.50**	**15.00**	**17.50**	**17.70**	**19.00**

This rate adjustment came against the background of a notable decline in inflation and continued stability in the foreign currency market. The twelve month point-to point rate of inflation as at July 2009 declined further to 7.0 per cent, from 8.9 per cent in June 2009.

Inflation expectations, measured by regular surveys of the business sector, continued to fall as input costs had also stabilized over the past six months. This trend was expected to continue and, in conjunction with weak aggregate demand, should temper underlying inflation impulses.

17/09/2009 The rates offered on Certificates of Deposit issued by Bank of Jamaica were reduced by 100 basis points. The six-month benchmark rate therefore moved from 18.00 per cent per annum to 17.00 per cent. The full schedule of BOJ rates is set out below.

Tenor	30 days	60 days	90 days	120 days	180 days
New rates (%)	**12.50**	**13.00**	**15.50**	**15.70**	**17.00**
Previous rates	**13.50**	**14.00**	**16.50**	**16.70**	**18.00**

The adjustment to policy rates followed the better than expected inflation outturn for August 2009, which showed a further drop in the 12-month point-to-point inflation to 6.1 per cent from the 7.0 per cent reported for July. The stability of the exchange rate, the improvement in domestic agricultural supplies, and the moderate growth in domestic money supply, all point to the likelihood of single-digit inflation for fiscal year 2009/2010. The improved prospects for inflation and macroeconomic stability were reflected in market rates, with the downward trend in Treasury Bill yields and other short term rates. The easing of monetary policy was supported by the relatively strong position of the net international reserves of the Bank of Jamaica which stood at US$1.95 billion.

18/12/2009 Interest rates applicable to Bank of Jamaica's open market instruments were 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 adjustment in interest rates occurred against the background of the positive trends in key economic indicators (inflation, the balance of payments and the exchange rate) which were expected to be sustained over the medium term. This outlook was underscored in the economic programme agreed with the Staff of the International Monetary Fund. The programme was underpinned by a package of policy measures geared towards fiscal and debt sustainability which was expected to lay the foundation for a stable macroeconomic environment and sustained growth.

06/01/2010 The Bank of Jamaica reduced the rate applicable to its open market overnight tenor by 50 basis points to 0.5 per cent.

12/01/2010 The Bank of Jamaica withdrew its offer of the 60-day to 180-day open market instruments.

15/01/2010 The Bank of Jamaica ceased accepting deposits under the special foreign currency deposit facility related to the 'Intermediation Facilities' established on 12 November 2008.

09/02/2010 The rate payable on 30-day open market instruments offered by the Bank of Jamaica was reduced by 50 basis points: from 10.50 per cent per annum to 10.0 per cent per annum. The rates on the other tenor s remained unchanged.

The adjustment to the 30-day rate reflected the added boost to confidence that the IMF Board endorsement of a 27-month Stand-by Arrangement with Jamaica brought. On Monday, 8 February 2010, the Bank of Jamaica received half of the financial support approved by the Fund. As a result, the gross international reserves were approximately US$2.2 billion, representing approximately 16.9 weeks coverage of imports of goods and services. Additional foreign exchange inflows from other multilaterals were expected later in February. The receipt of these financial inflows was expected to provide the wherewithal for the Bank to underwrite continued stability in the foreign exchange market and would serve to reinforce the Bank's expectation of reduced inflation in 2010.

01/03/2010 The cash reserve requirement (CRR) in respect of foreign currency prescribed liabilities of deposit-taking institutions was reduced by two (2) percentage points to 9.0 per cent. As a consequence, the liquid asset requirement was also reduced by two (2) percentage points to 23.0 per cent. The cash reserve and liquid asset requirements applicable to Jamaica Dollar liabilities remained unchanged.

The reduction in the CRR followed the receipt of loan flows from multilateral financial institutions in February. These inflows put the BOJ in an enhanced position to maintain stability in the foreign exchange market.

The adjustment to the CRR, which returns the reserve requirements for foreign currency to the level that prevailed prior to December 2008, will allow deposit-taking institutions more latitude in the allocation of their foreign currency portfolios, including expanding credit to the business sector.

04/06/2010 The interest rate payable on Bank of Jamaica 30-day Certificate of Deposit was reduced by 50 basis points to 9.50 per cent. The adjustment occurred in the context of the abatement of inflationary impulses, particularly those related to the recent tax measures, and the moderation of the prices of key imported commodities, especially oil.

Secondary trading of securities as well as successive auctions of Treasury Bills indicated an endorsement of the new interest rate norms by the market. Additionally, the entrenchment of the lower interest rate structure was supported by the appreciation of the exchange rate and the reduction of sovereign credit risk as reflected in falling yields on internationally traded GOJ bonds.

Despite the interruption to economic activity in the Kingston Metropolitan Area during the week of 24 May, the Bank's assessment of the outlook for growth in FY2010/11 remained largely unchanged. Some fall-out in tourism-related earnings was anticipated in the short run but the prospective reopening of a major alumina processing plant in June 2010 and the maintenance of business activity throughout most of Jamaica was expected to contribute to a modest recovery in GDP growth in the current fiscal year.

The Bank believes that current reforms embedded in the Government's economic programme will lead to lasting improvements in public finances and debt management and the creation of a basis for longer term financial stability.

17/06/2010 The rate payable on Bank of Jamaica 30-day Certificate of Deposit was reduced by 50 basis points to 9.00 per cent.

The adjustment in the rate followed a better-than-expected inflation outturn for the preceding month. The fall in the general price level, together with the recent strengthening of the Jamaica Dollar, reinforced the likelihood that inflation would tend toward the lower end-point of the target range of 7.5 per cent to 9.5 per cent for fiscal year 2010/2011. Furthermore, the Bank's net international reserves which stood at US$1.75 billion were expected to outperform the benchmark set under the current IMF Stand-By Arrangement for end-June 2010. These resources constituted a strong buffer against financial or weather-related shocks that might otherwise threaten the achievement of the macroeconomic objectives.

01/07/2010 The Bank of Jamaica reduced the Jamaica Dollar cash reserve requirements of its supervised deposit-taking institutions by two percentage points (2%) to twelve per cent (12%). The cash reserve requirement applicable to foreign currency deposits which was reduced in March 2010 remains at nine per cent (9%).

The reduction in the domestic currency cash reserve requirements also resulted in a two percentage point (2%) contraction in the liquid assets requirements against Jamaica Dollar liabilities to twenty-six per cent (26%). The liquid assets requirements against foreign currency liabilities remained at twenty-three per cent (23%).

Reserve requirements were increased in 2008/09 as part of the Bank's response to the deterioration in financial market conditions triggered by the global economic downturn. The Bank observed that those global market conditions were improving and domestic financial markets were stable. The release of the cash reserves increased the pool of loanable funds by some J$4.5 billion and allowed for a further easing in credit conditions.

These adjustments formed part of a general easing of monetary policy that was consistent with the improved outlook for inflation and the relatively weak demand conditions in the economy. The projected path for inflation for fiscal year 2010/2011 continued to trend towards the lower end of the target range of 7.5 per cent to 9.5 per cent.

04/08/2010 The Bank reduced the rate of interest payable on its 30-day Certificate of Deposit to 8.50 per cent from 9.00 per cent. The reduction in the Bank's policy rate occurred against the background of the benign outlook for inflation. Money supply and bank credit expanded slower than expected during the first quarter of the fiscal year and kept domestic core or underlying inflation stable. Other contributing factors to local price stability were the sluggish recovery in global demand for commodities and the appreciation in the exchange rate since the start of the fiscal year.

Given the foregoing, the Bank expected that inflation outturn for FY2010/2011 would be toward the lower end of the 7.5 per cent – 9.5 per cent target range. The Bank contended that the main risk to this forecast was the disruption to supply that a hurricane or other severe weather conditions might cause.

26/08/2010 The Bank of Jamaica reduced its policy rate by a further 50 basis points to 8.0 per cent. This reduction in its 30-day Certificate of Deposit was accompanied by a 0.25 basis point contraction to 0.25 per cent, in the rate of interest payable on overnight placements of financial institutions held at the Bank.

The reduction in the policy rate was supported by the inflation outturn for July and the appreciation in the Jamaica Dollar, both of which pointed to a more favourable outlook for domestic inflation for FY2010/2011. Furthermore, net international reserves which stood at US$1.9 billion would possibly outperform the benchmarks set under the current IMF Stand-By Arrangement. These resources constituted a strong buffer against financial or weather related shocks that might otherwise threaten the achievement of the macroeconomic targets.

15/11/2010 The interest rate payable on Bank of Jamaica 30-day Certificates of Deposit was reduced by 50 basis points to 7.50 per cent.
This revision to the Bank's policy rate reflected the continued decline in inflation towards the programme projections for the fiscal year and beyond. Risks to a reversal in this trend were abating as the hurricane season drew to a close while domestic demand conditions were weaker than earlier anticipated. Core, or underlying, inflation was also declining steadily.

The progress made in implementing fiscal and financial sector reforms led to repeated observance of performance benchmarks related to the economic programme for fiscal 201/2011. These successes continued to be reflected in financial market prices generally and in money market interest rates in particular. The change in the Bank's policy rate endorsed the positive outlook for continued stability and the relatively benign prospects for inflation over the forthcoming year.

01/02/2011 The interest rate payable on Bank of Jamaica 30-day Certificates of Deposit was reduced by 25 basis points to 7.25 per cent. This reduction in the Bank's policy rate was consistent with the expectation that domestic inflation for FY2010/2011 would be within the programme projections of 7.5 to 9.5 per cent. It was expected that, while there was an increase in commodity prices worldwide, the relative weakness in domestic demand conditions and the extended stability in the exchange rate would dampen the prospect of an upturn in inflation.

The progress being made in implementing fiscal and financial sector reforms led to repeated observance of performance benchmarks related to the economic programme for this year. These successes continued to be reflected in financial market prices generally and in money market interest rates, in particular. The change in the Bank's policy rate endorsed the positive outlook for continued stability.

23/02/2011 The interest rate payable on Bank of Jamaica 30-day Certificates of Deposit was reduced by 50 basis points to 6.75 per cent.

This reduction in the Bank's policy rate reflected the trend decline in inflation towards the programme projections for FY2010/2011 and the prospect of even lower headline inflation in FY2011/12. While international prices for agricultural commodities and oil had become more volatile, domestic demand conditions were weaker than earlier anticipated and had suppressed core, or underlying, inflation in the Jamaican economy. The reduction in the 30-day rate anticipated a period of very liquid conditions in the money market, arising from the payment of principal and interest on Government benchmark securities. At the same time, the Bank's foreign reserves continued to perform above the benchmarks set in the financial programme and were on 23 February boosted by the proceeds from the Government's recent US$400 million bond issue.

04/07/2011 Bank of Jamaica reduced the interest rate payable on its 30-day Certificates of Deposit by 25 basis points to 6.50 per cent. This revision to the Bank's policy rate reflected the positive trends in headline and core inflation since the beginning of 2011 and the expectation that the rate of domestic price increases for fiscal year 2011/2012 would be within the BOJ's target range of 6.0 per cent to 8.0 per cent. While there had been an increase in global commodity prices, the extended stability in the exchange rate and the relative weakness in domestic demand was expected to continue to dampen inflationary impulses.

Additionally, the process of fiscal consolidation had underpinned the continued stability in the economy. This stability was reflected in financial market prices and contributed to the buoyancy in the Bank's net foreign reserves, which stood at US$2.3 billion.

30/09/2011 The interest rate payable on the Bank of Jamaica's 30-day Certificates of Deposit was reduced by 25 basis points to 6.25 per cent. This revision to the Bank's policy rate reflected the continued positive trends in headline and core inflation since the beginning of 2011and the projection that the rate of domestic price increases for the full fiscal year would be within the BOJ's target range of 6.0 per cent to 8.0 per cent.

The more pessimistic outlook for growth in the global economy and the forecast for slower rates of increase in the prices of international commodities, particularly crude oil, had put a downward bias on domestic inflation for the rest of fiscal year 2011/2012. These moderating factors were complemented by the continuation of relative stability in the exchange rate and the persistence of weak but improving domestic demand. In addition, the process of fiscal consolidation continued to support the extended period of stability in the economy. This stability was reflected in financial market prices and contributed to the Bank's gross international reserves remaining well above the international benchmark of 12 weeks of projected goods and services imports.

31/10/2012 Bank of Jamaica issued three variable rate Certificates of Deposits (CD) to commercial banks and primary dealers, commencing 31 October and ending 5 November 2012. The instruments, with tenors of 49 days, 182 days and 364 days, were issued in order to augment the Bank's liquidity management operations.

The 49-day CD had an offer limit of $6.0 billion and was re-priced monthly at 0.6 of a percentage point above the one-month GOJ Treasury Bill rate existing at the beginning of the next interest period. The initial coupon for the first 30 days was 6.81 per cent per annum.

The 182-day CD had an unlimited offer amount. It is re-priced quarterly at 0.8 of a percentage point above the three-month GOJ Treasury Bill rate existing at the start of each re-pricing period. The initial coupon for the first three months was 7.18 per cent per annum.

The 364-day CD, which had an unlimited offer amount, is re-priced quarterly at 1.0 percentage point above the three-month GOJ Treasury Bill rate existing at the start of each re-pricing period. The initial coupon for the first three months was 7.38 per cent per annum.

22/02/2013 The interest rate payable on the Bank of Jamaica's 30-day Certificates of Deposit was reduced by 50 basis points to 5.75 per cent per annum. The revision to the Bank's policy rate was in a context of generally weak economic conditions and the approval of revenue measures for FY2013/14 aimed at further strengthening fiscal consolidation. These factors had a dampening effect on inflationary impulses. The Bank's policy action was consistent with the reduction in the interest rate on the Government securities consequent on the National Debt Exchange which settled on 22 February2013. These actions occurred against the background of a staff level agreement.

09/04/2013 Bank of Jamaica issued a 365-day US-Dollar Indexed Note at a fixed coupon of 4.75 per cent per annum. The initial exchange rate for the purchase of this instrument was US$1.00 = J$98.0153, the 10-day moving average buy rate applicable on 08 April 2013, as published by the Bank of Jamaica.

15/04/2013 The Bank issued special Certificates of Deposit (CD) with tenors of 180 days, 275 days and 18 months,, to commercial banks and primary dealers. The instruments were issued in order to augment the Bank's liquidity management operations.

The 180-day CD had an offer limit of $3.0 billion and was re-priced quarterly at 0.15 percentage point above the three-month GOJ Treasury Bill rate existing at the beginning of the next interest period. The initial coupon for the first three months was 5.97 per cent per annum.

The 275-day CD had an unlimited offer amount and was re-priced quarterly at 0.20 percentage point above the three-month GOJ Treasury Bill rate existing at the start of each re-pricing period. The initial coupon for the first three months was 6.02 per cent per annum.

The 18-month CD had an unlimited offer amount and is re-priced quarterly at 0.25 percentage point above the three month GOJ Treasury Bill rate existing at the start of each re-pricing period. The initial coupon for the first three months was 6.07 per cent per annum.

17/05/2013 The Bank of Jamaica offered special CDs with tenors of 276 days and 18 months to commercial banks and primary dealers. These instruments were issued to augment the Bank's liquidity management operations.

The 276-day CD had an unlimited offer amount and was re-priced quarterly at 0.20 percentage point above the three-month GOJ Treasury Bill rate existing at the start of each re-pricing period. The initial coupon for the first three months was 6.88 per cent per annum.

The 18-month CD had an unlimited offer amount and was re-priced quarterly at 0.25 percentage point above the three-month GOJ Treasury Bill rate existing at the start of each re-pricing period. The initial coupon for the first three months is 6.93 per cent per annum.

29/05/2013 The Bank of Jamaica issued special CDs with tenors of 184 days and 18 months to commercial banks and primary dealers. These instruments were issued to augment the Bank's liquidity management operations.

The 184-day CD had an unlimited offer amount and was re-priced quarterly at 0.15 percentage point above the three-month GOJ Treasury Bill rate existing at the start of each re-pricing period. The initial coupon for the first three months was 6.77 per cent per annum.

The 18-month CD had an unlimited offer amount and was re-priced quarterly at 0.25 percentage point above the three-month GOJ Treasury Bill rate existing at the start of each re-pricing period. The initial coupon for the first three months is 6.87 per cent per annum.

12/06/2013 The Bank of Jamaica issued special CDs with tenors of 183 days and 364 days to commercial banks and primary dealers. These instruments were issued to augment the Bank's liquidity management operations.

The 183-day CD had an offer limit of $3.0 billion and was re-priced quarterly at 0.15 percentage point above the three-month GOJ Treasury Bill rate existing at the start of each re-pricing period. The initial coupon for the first three months was 6.77 per cent per annum.

The 365-day CD had an unlimited offer amount and was re-priced quarterly at 0.23 percentage point above the three-month GOJ Treasury Bill rate existing at the start of each re-pricing period. The initial coupon for the first three months was 6.85 per cent per annum.

20/06/2013 Bank of Jamaica issued a 365-day US-Dollar Indexed Note to commercial banks and primary dealers. The instrument was offered at a fixed coupon of 4.00 per cent per annum. The initial exchange rate for the purchase of this instrument was US$1.00 = J$100.1081, which was the 10-day moving average buy rate applicable on 20 June 2013, as published by the Bank of Jamaica.

01/07/2013 Bank of Jamaica issued the following special instruments to commercial banks and primary dealers:

(i) A Variable Rate Certificate of Deposit 2013 (D) originally issued on Wednesday, 12 June 2013. The instrument was re-opened with a tenor of 164 days and for a limited nominal amount of $2 billion. The instrument offered an initial coupon of 6.77 per cent per annum with the first interest payment date on Thursday 12 September 2013 and re-priced at 0.15 percentage point above the GOJ Treasury Bill rate for subsequent interest payments up until the maturity date, Thursday, 12 December 2013.

(ii) A 365-day Certificate of Deposit for an unlimited amount. The instrument was offered with an initial coupon of 6.99 per cent per annum for the first three months and re-priced quarterly at 0.23 percentage point above the three-month GOJ Treasury Bill rate at the start of each re-pricing period.

08/07/2013 Bank of Jamaica issued special instruments to commercial banks and primary dealers as follows:

(i) A 365-day Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.35 per cent per annum for the first six months and re-priced semi-annually at 0.25 percentage point above the six-month GOJ Treasury Bill rate at the start of each re-pricing period.

(ii) An 18-month Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.37 per cent per annum for the first six months and re-priced semi-annually at 0.25 percentage point above the six-month GOJ Treasury Bill rate existing at the start of each re-pricing period.

18/07/2013 Bank of Jamaica issued special instruments to commercial banks and primary dealers as follows:

(i) A 365-day Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.35 per cent per annum for the first six months and re-priced semi-annually at 0.25 percentage point above the six-month GOJ Treasury Bill yield at the start of each re-pricing period.

(ii) An 18-month Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.37 per cent per annum for the first six months and re-prices semi-annually at 0.25 percentage point above the six-month GOJ Treasury Bill yield at the start of each re-pricing period.

26/07/2013 Bank of Jamaica issued special instruments commercial banks and primary dealers as follows:

(i) A 186-day Certificate of Deposit for an unlimited amount. The instrument was offered with an initial coupon of 7.50 per cent per annum for the first three months and re-priced quarterly at 0.15 percentage point above the three-month GOJ Treasury Bill yield at the start of each re-pricing period.

(ii) A 276-day Certificate of Deposit for an unlimited amount. The instrument was offered with an initial coupon of 7.55 per cent per annum for the first three months and re-prices semi-annually at 0.20 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

(iii) An 18-month Certificate of Deposit for an unlimited amount. The instrument was offered with an initial coupon of 7.60 per cent per annum for the first three months and re-priced semi-annually at 0.25 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period

26/08/2013 Bank of Jamaica issued special instruments to commercial banks and primary dealers as follows:

(i) A 182-day Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.49 per cent per annum for the first three months and re-priced quarterly at 0.15 percentage point above the three-month GOJ Treasury Bill yield at the start of each re-pricing period.

(ii) A 273-day Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.54 per cent per annum for the first three months and re-priced semi-annually at 0.20 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

20/09/2013 Bank of Jamaica issued special instruments to commercial banks and primary dealers as follows:

(i) A 273-day Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.62 per cent per annum for the first three months and re-priced quarterly at 0.20 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

(ii) A 364-day Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.65 per cent per annum for the first three months and re-priced semi-annually at 0.23 percentage point above the three month GOJ Treasury Bill yield existing at the start of each re-pricing period.

08/10/2013 Bank of Jamaica issued special instruments to commercial banks and primary dealers as follows:

(i) A 272-day Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.42 per cent per annum for the first three months and re-priced quarterly at 0.20 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

(ii) A 364-day Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.42 per cent per annum for the first three months and re-priced semi-annually at 0.23 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

17/10/2013 Bank of Jamaica issued special instruments to commercial banks and primary dealers as follows:

(i) A 273-day Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.42 per cent per annum for the first three months and re-priced quarterly at 0.20 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

(ii) A 2-year Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.42 per cent per annum for the first three months and re-priced semi-annually at 0.25 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

24/10/2013 Bank of Jamaica issued special instruments to commercial banks and primary dealers as follows:

(i) A 273-day Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.37 per cent per annum for the first three months and re-priced quarterly at 0.20 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

(ii) A 550-day Certificate of Deposit for an unlimited amount. The instrument offered an initial coupon of 7.37 per cent per annum for the first three months and is re-priced semi-annually at 0.25 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

06/11/2013 Bank of Jamaica issued a 182-day Certificate of Deposit for an unlimited amount to commercial banks and primary dealers. The instrument offered an initial coupon of 7.37 per cent per annum for the first three months and re-priced quarterly at 0.18 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

11/11/2013 Bank of Jamaica issued a US-Dollar Indexed Linked Note 2014C for an unlimited amount to commercial bank and primary dealers. The instrument offered an initial conversion exchange rate of US$1:00=J$104.5135 for each interest payment and at maturity. The applicable exchange rate was the BOJ 10-day moving average selling exchange rate applicable on the date of payment multiplied by a factor 1.002. All payments on this instrument were made in Jamaica Dollars.

20/11/2013 Bank of Jamaica issued a 2-year US Dollar Certificate of Deposit: BOJ-USD CD 2015 for an unlimited amount to commercial banks and primary dealers. The instrument offered a fixed coupon of 2.50 per cent per annum.

28/11/2013 Bank of Jamaica issued special instruments to commercial banks and primary dealers as follows:

(i) A 1-year US-Linked Note 2014D for an unlimited amount. The instrument offered an initial coupon of 3.50 per cent per annum paid semi-annually.

(ii) A 1-year Variable Rate Certificate of Deposit: BOJ VR-CD 2014W for an unlimited amount. The instrument offered an initial coupon of 7.57 per cent per annum for the first three months and re-priced quarterly at 0.25 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

11/12/2013 Bank of Jamaica issued special instruments to commercial banks and primary dealers as follows:

(i) US Dollar Certificate of Deposit: BOJ-USD CD 2015A. This offer was for an unlimited offer amount at a fixed coupon of 4.0 per cent per annum semi-annually.

(ii) A Variable Rate Certificate of Deposit: BOJ VR-CD 2014AA: BOJ VR-CD 2014W for an unlimited amount. The instrument offered an initial coupon of 7.57 per cent per annum for the first three months and re-priced quarterly at 0.25 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

16/12/2013 The Bank of Jamaica (BOJ) formalized an enhanced liquidity management framework (ELMF) for deposit-taking institutions (DTIs). The ELMF was designed to help alleviate the effects of liquidity swings in financial institutions in order to ensure stability in the system. The principal components of the ELMF are an overnight and a bi-monthly financing facility through repurchase arrangements.

27/12/2013 Bank of Jamaica issued special instruments to commercial banks and primary dealers as follows:

(i) US Dollar Certificate of Deposit: BOJ-USD CD 2017. This offer was for an unlimited offer amount at a fixed coupon of 5.0 per cent per annum semi-annually.

(ii) A Variable Rate Certificate of Deposit: BOJ VR-CD 2014AB for an unlimited amount. The instrument offered an initial coupon of 7.53 per cent per annum for the first three months and re-priced quarterly at 0.23 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

08/01/2014 Bank of Jamaica issued special instruments to commercial banks and primary dealers as follows:

(i) US Dollar Certificate of Deposit: BOJ-USD CD 2016. This offer was for an unlimited offer amount at a fixed coupon of 4.0 per cent per annum semi-annually.

(ii) US Dollar Certificate of Deposit: BOJ-USD CD 2018. This offer was for an unlimited offer amount at a fixed coupon of 5.0 per cent per annum semi-annually.

(iii) A Variable Rate Certificate of Deposit: BOJ VR-CD 2015E for an unlimited amount. The instrument offered an initial coupon of 8.25 per cent (six months GOJ Treasury Bill rate) per annum for the first six months and re-priced semi-annually at 0.25 percentage point above the six-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

22/01/2014 Bank of Jamaica issued special instruments to commercial banks and primary dealers as follows:

(i) US Dollar Certificate of Deposit: BOJ-USD CD 2016A. This offer was for an unlimited amount at a fixed coupon of 4.0 per cent per annum semi-annually.

(ii) US Dollar Certificate of Deposit: BOJ-USD CD 2018A. This offer was for an unlimited amount at a fixed coupon of 5.0 per cent per annum semi-annually.

23/01/2014 Bank of Jamaica issued special instruments extended to commercial banks and primary as follows:

(i) A Variable Rate Certificate of Deposit: BOJ VR-CD 2015F for an unlimited amount. The tenor of the instrument is 365-days. The instrument offered an initial coupon of 7.43 per cent per annum for the first three months and re-prices quarterly at 0.25 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

(ii) A Variable Rate Certificate of Deposit: BOJ VR-CD 2015G for an unlimited amount. The tenor of the instrument is 18-months. The instrument offered an initial coupon of 7.43 per cent per annum for the first three months and re-prices quarterly at 0.27 percentage point above the three-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

04/02/2014 Bank of Jamaica issued BOJ US Indexed Note 2015 for an unlimited period to commercial banks and primary dealers as follows:

The instrument pays a coupon of 3.50 per cent per annum. The initial conversion rate is US$1.00 = J$106.7036(BOJ 10-day moving average buying rate applicable on 3 Feb 2014. For each quarterly interest payment and at maturity, the conversion rate will be the 10-day moving average selling exchange rate applicable on the date of payment multiplied by factor 1.002. The payments are made in Jamaica Dollars.

06/02/2014 The BOJ issued the following instruments to commercial banks and primary dealers as follows:

(i) A Variable Rate Certificate of Deposit: BOJ VR-CD 2015H for an unlimited amount. The tenor of the instrument is 365-days. The instrument offered an initial coupon of 8.72 per cent per annum for the first six months and re-prices semi-annually at 0.25 percentage point above the six-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

(ii) A Variable Rate Certificate of Deposit: BOJ VR-CD 2015J for an unlimited amount. The tenor of the instrument is 18-months. The instrument offered an initial coupon of 8.72 per cent per annum for the first six months and re-prices semi-annually at 0.27 percentage point above the six-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

20/02/2014 Bank of Jamaica issued a Variable Rate Certificate of Deposit: BOJ VR-CD 2015K for an unlimited amount to commercial banks and primary dealers as follows:

(i) The tenor of the instrument is 365-days. The instrument offered an initial coupon of 8.78 per cent per annum for the first six months and re-prices semi-annually at 0.25 percentage point above the six-months GOJ Treasury Bill existing at the start of each re-pricing period.

21/02/2014 The Bank issued the following instruments to commercial banks and primary dealers as follows:

(ii) US Dollar Certificate of Deposit: BOJ-USD CD 2016(B) for an unlimited amount. The tenor of the instrument is 2 years at a fixed coupon of 4.0 per cent per annum.

(iii) US Dollar Certificate of Deposit: BOJ-USD CD 2018(B) for an unlimited amount. The tenor of the instrument of 4.5-years at a fixed coupon of 5.5 per cent per annum. The principal payments will be made in three equal instalments August 2015, February 2017 and August 2018.

04/03/2014 Bank of Jamaica issued special instruments commercial banks and primary dealers as follows:

(i) A Variable Rate Certificate of Deposit: BOJ VR-CD 2015L for an unlimited amount. The tenor of the instrument is 365-days. The instrument offered an initial coupon of 8.78 per cent per annum for the first six months and re-prices semi-annually at 0.25 percentage point above the six-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

(ii) A Variable Rate Certificate of Deposit: BOJ VR-CD 2015M for an unlimited amount. The tenor of the instrument is 550 days. The instrument offered an initial coupon of 8.78 per cent per annum for the first six months and re-prices semi-annually at 0.27 percentage point above the six-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

(iii) US Dollar Certificate of Deposit: BOJ-USD CD 2016C for an unlimited amount. The tenor of the instrument is 2 years at a fixed coupon of 4.0 per cent per annum semi-annually.

(iv) US Dollar Certificate of Deposit: BOJ-USD CD 2017A for an unlimited amount. The tenor of the instrument is 3 years at a fixed coupon of 5.25 per cent per annum quarterly.

18/03/2014 Bank of Jamaica issued BOJ US Indexed Note 2015A for an unlimited period as follows:

The instrument pays a coupon of 3.50 per cent per annum. The initial conversion rate is US$1.00 = J$108.0991(BOJ 10-day moving average buying rate applicable on 17 Mar 2014). For each quarterly interest payment and at maturity, the conversion rate will be the 10-day moving average selling exchange rate applicable on the date of payment multiplied by factor 1.002. The payments are made in Jamaica Dollars.

19/03/2014 Bank of Jamaica issued special instruments to commercial banks and primary dealers as follows:

(i) A Variable Rate Certificate of Deposit: BOJ VR-CD 2015N for an unlimited amount. The tenor of the instrument is 365 days. The instrument offered an initial coupon of 9.11 per cent per annum for the first six months and re-prices semi-annually at 0.25 percentage point above the six-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

(ii) A Variable Rate Certificate of Deposit: BOJ VR-CD 2015P for an unlimited amount. The tenor of the instrument is 550 days. The instrument offered an initial coupon of 9.11 per cent per annum for the first six months and re-prices semi-annually at 0.27 percentage point above the six-month GOJ Treasury Bill yield existing at the start of each re-pricing period.

LIST OF SUMMARY TABLES

C. Summary Tables

1

INFLATION RATES
(%)

	CPI Index (e.o.p)	Head-line (Quarter)	Core (Trimmed-Mean) (Quarter)
2005/2006			
June	90.0	5.5	2.1
September	93.8	4.2	1.2
December	94.6	0.9	0.6
March	94.9	0.2	0.9
2006/2007			
June	97.6	2.9	1.3
September	99.9	2.4	1.4
December	100.0	0.1	0.2
March	102.5	2.5	1.9
2007/2008			
June	105.1	2.5	1.3
September	108.9	3.6	1.9
December	116.8	7.3	4.0
March	122.9	5.2	3.5
2008/2009			
June	130.3	6.0	3.4
September	136.5	4.7	2.0
December	136.5	0.0	1.1
March	138.2	1.3	1.1
2009/2010			
June	142.0	2.7	1.3
September	146.3	3.1	1.5
December	150.4	2.8	1.4
March	156.6	4.1	1.8
2010/2011			
June	160.7	2.6	1.1
September	162.8	1.3	0.8
December	168.1	3.3	1.6
March	168.9	0.5	0.5
2011/2012			
June	172.3	2.0	1.1
September	175.9	2.1	1.1
December	178.2	1.3	1.0
March	181.2	1.7	1.0
2012/2013			
June	183.9	1.5	1.0
September	187.6	2.1	2.5
December	192.5	2.6	1.3
March	197.7	2.7	1.8
2013/2014			
June	199.93	1.1	1.1
September	207.24	3.7	0.8
December	210.70	1.7	1.0
March	214.21	1.7	0.9

2A

COMPONENT CONTRIBUTION TO INFLATION
All Jamaica
January – March 2014

Divisions, Classes and Groups	Weight in CPI	Inflation (%)	Weighted Inflation	Contribution (%)
FOOD & NON-ALCOHOLIC BEVERAGES	0.3746	1.04	0.39	23.87
Food	0.3512	1.01	0.35	21.71
- Bread and Cereals	0.0610	1.10	0.07	4.09
- Meat	0.0766	1.73	0.13	8.13
- Fish and Seafood	0.0533	1.22	0.06	3.97
- Milk, Cheese and Eggs	0.0311	3.20	0.10	6.09
- Oils and Fats	0.0164	2.53	0.04	2.55
- Fruit	0.0114	2.41	0.03	1.68
- Vegetables and Starchy Foods	0.0686	-1.50	-0.10	-6.28
- Sugar, Jam, Honey, Chocolate and Confectionery	0.0172	1.54	0.03	1.62
- Food Products n.e.c.	0.0155	1.30	0.02	1.23
Non-Alcoholic Beverages	0.0235	1.58	0.04	2.28
- Coffee, Tea and Cocoa	0.0066	1.39	0.01	0.56
- Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	0.0169	1.66	0.03	1.72
ALCOHOLIC BEVERAGES AND TOBACCO	0.0138	0.43	0.01	0.37
CLOTHING AND FOOTWEAR	0.0333	1.30	0.04	2.65
Clothing	0.0212	0.89	0.02	1.15
Footwear	0.0122	1.94	0.02	1.45
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	0.1276	3.76	0.48	29.36
Rentals for Housing	0.0352	0.37	0.01	0.80
Maintenance and Repair of Dwelling	0.0080	2.09	0.02	1.02
Water Supply and Miscellaneous Services Related to the Dwelling	0.0132	0.52	0.01	0.42
Electricity, Gas and Other Fuels	0.0712	6.14	0.44	26.78
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE	0.0493	3.95	0.19	11.93
Furniture and Furnishings	0.0069	1.16	0.01	0.49
Household Textiles	0.0032	1.45	0.00	0.28
Household Appliances	0.0056	1.88	0.01	0.64
Glassware, Tableware and Household Utensils	0.0005	0.89	0.00	0.03
Tools and Equipment for House and Garden	0.0015	1.72	0.00	0.16
Goods and Services for Routine Household Maintenance	0.0316	5.41	0.17	10.47
HEALTH	0.0329	0.58	0.02	1.17
Medical Products, Appliances and Equipment	0.0122	0.61	0.01	0.46
Health Services	0.0207	0.56	0.01	0.71
TRANSPORT	0.1282	1.04	0.13	8.18
COMMUNICATION	0.0399	0.00	0.00	0.01
RECREATION AND CULTURE	0.0336	0.91	0.03	1.88
EDUCATION	0.0214	0.00	0.00	0.00
RESTAURANTS & ACCOMMODATION SERVICES	0.0619	1.92	0.12	7.29
MISCELLANEOUS GOODS AND SERVICES	0.0837	2.60	0.22	13.30
ALL DIVISIONS	1.0000	1.67	1.63	100.00

2B

REGIONAL INFLATION January – March 2014			
Divisions, Classes and Groups	GKMA	Other Urban Centres	Rural Areas
FOOD & NON-ALCOHOLIC BEVERAGES	1.43	0.62	0.93
Food	1.37	0.59	0.92
- Bread and Cereals	1.38	1.66	0.71
- Meat	2.61	0.98	1.35
- Fish and Seafood	0.95	1.28	1.36
- Milk, Cheese and Eggs	3.26	3.37	3.08
- Oils and Fats	2.67	1.83	2.75
- Fruit	2.82	2.08	1.89
- Vegetables and Starchy Foods	-0.62	-3.19	-1.61
- Sugar, Jam, Honey, Chocolate and Confectionery	2.20	1.52	1.18
- Food Products n.e.c.	1.53	1.19	1.17
Non-Alcoholic Beverages	2.48	1.04	1.26
- Coffee, Tea and Cocoa	2.02	1.73	0.94
- Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	2.65	0.80	1.43
ALCOHOLIC BEVERAGES AND TOBACCO	0.48	0.36	0.43
CLOTHING AND FOOTWEAR	1.70	0.87	1.21
Clothing	1.45	0.92	0.53
Footwear	2.03	0.77	2.27
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	3.04	3.58	4.60
Rentals for Housing	0.51	0.19	0.17
Maintenance and Repair of Dwelling	2.43	1.76	2.04
Water Supply and Miscellaneous Services Related to the Dwelling	0.52	0.52	0.52
Electricity, Gas and Other Fuels	6.16	6.12	6.14
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE	5.07	3.55	3.20
Furniture and Furnishings	1.53	1.02	0.94
Household Textiles	2.47	0.63	1.21
Household Appliances	2.65	1.52	1.39
Glassware, Tableware and Household Utensils	1.37	1.01	0.48
Tools and Equipment for House and Garden	2.57	0.90	1.71
Goods and Services for Routine Household Maintenance	6.63	4.84	4.58
HEALTH	1.39	0.29	0.27
Medical Products, Appliances and Equipment	1.00	0.40	0.47
Health Services	1.68	0.22	0.15
TRANSPORT	1.15	1.17	0.91
COMMUNICATION	0.00	0.00	0.01
RECREATION AND CULTURE	0.99	0.93	0.85
EDUCATION	0.00	0.00	0.00
RESTAURANTS & ACCOMMODATION SERVICES	1.75	2.08	1.99
MISCELLANEOUS GOODS AND SERVICES	2.23	2.01	3.17
ALL DIVISIONS	1.83	1.47	1.64

3

BANK OF JAMAICA OPERATING TARGETS	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Net International Reserves (US$MN)	1 257.8	1 125.6	884.2	1 003.0	910.1	1 047.8	1 303.6
Net International Reserves ($JMN)	**112 385.3**	**100 570.8**	**83 242.8**	**94 442.8**	**85 681.0**	**111 468.2**	**138 679.5**
- Assets	189 053.0	176 983.2	161 767.5	177 087.9	161 309.8	193 351.8	217 929.9
- Liabilities	-76 667.7	-76 412.4	-78 524.7	-82 645.1	-75 628.9	-81 883.6	-79 250.3
Net Domestic Assets	**-27191.5**	**-2 922.4**	**8 051.6**	**-4 220.9**	**6 402.3**	**7 834.8**	**44 251.5**
-Net Claims on the Public Sector	127 372.1	137 631.9	157 528.5	155 947.3	162 943.8	157 750.3	162 105.9
- Net Credit to Banks	--16 357.9	--16 413.6	-19 770.5	-20 389.3	-21 124.3	-21 500.4	-21 390.8
- Open Market Operations	-70 761.2	-47 675.5	-54 299.0	-60 096.4	-53 306.5	-49 948.2	-30 533.2
- Other	-67 444.5	-76 465.2	-75 407.4	-79 682.5	-82 110.6	-94 136.5	-154433.5
Monetary Base	**85 193.9**	**97 648.5**	**91 294.5**	**90 221.9**	**92 083.3**	**103 633.4**	**94 428.0**
- Currency Issue *	53 997.2	64 684.1	57 652.0	57 687.8	58 183.1	69 801.7	61 110.2
- Cash Reserve	30 864.0	31 808.9	32 445.9	32 341.2	32 689.2	33 593.3	32 275.6
Current Account	332.7	1 155.5	1 196.6	192.9	1 211.0	238.4	1 042.2
% Change Monetary Base (F-Y-T-D)	**1.8**	**16.7**	**7.6**	**-1.2**	**0.9**	**13.5**	**3.4**

** Excludes BOJ's teller cash; p: preli*

4

MONETARY AGGREGATES (End-of-Period) (J$MN)

	M1J	M1*	M2J	M2*	M3J	M3*
2010/2011						
September	95 445.0	104 817.7	221 386.8	328 598.3	311 289.0	418 502.4
December	103 252.1	112 234.4	230 232.1	337 664.4	321 728.8	429 161.1
March	97 448.7	106 887.0	225 682.0	332 828.2	319 837.1	426 983.3
2010/2011						
June	102 219.9	111 089.4	232 910.8	341 652.1	329 909.5	438 650.9
September	97 967.0	105 551.6	227 561.9	332 330.1	325 013.2	429 781.5
December	112 757.2	120 569.9	245 020.0	351 418.5	355 367.8	461 766.3
March	103 826.7	112 954.1	236 177.3	349 882.9	348 302.0	462 007.6
2011/2012						
June	104 618.5	115 166.2	236 749.5	348 997.1	338 546.6	450 794.1
September	104 468.2	115 185.0	237 243.0	351 014.8	339 589.5	453 361.3
December	118 751.7	133 264.6	254 691.6	374 467.2	359 517.4	479 292.9
March	113 240.4	139 824.1	252 128.7	396 423.9	355 217.3	499 512.5
2011/2012						
June	110 381.4	128 432.9	250 702.5	397 899.1	354 684.8	501 881.3
September	113 684.4	135 861.3	259 771.4	409 004.0	369 324.3	518 556.9
December	122 884.7	151 393.8	267 936.4	418 628.2	374 695.2	525 387.0
March	117 241.3	143 868.1	260 550.7	420 515.4	372 022.9	531 987.5

5

COMPONENTS OF CHANGE IN LOCAL CURRENCY MONEY SUPPLY
(Quarterly Flows - J$MN)

	Jun-12	Sep-12	Dec-12	Mar-13r	Jun-13[r]	Sep-13	Dec-13	Mar-14
M2J	**220.2**	**1 287.7**	**16 163.6**	**-1 720.0**	**-1 426.2**	**9 068.9**	**8 164.9**	**-7 385.6**
Currency	366.6	-295.1	7 224.5	-3 980.3	-50.1	527.1	7 410.0	-4 907.3
Demand Deposits	73.2	1 193.6	5 519.4	-688.1	-2 808.9	2 775.9	1 790.2	-736.1
Savings Deposits	40.0	321.0	61.0	2 199.3	3 076.7	2 300.5	669.1	-1 297.6
Time Deposits	- 259.6	68.2	3 358.8	749.1	-1 643.9	3 465.4	-1 704.4	-1 560.2
OTHER DEPOSITS	**-10,330.2**	**543.7**	**1 316.8**	**-566.4**	**893.6**	**5 570.7**	**-2 794.1**	**4 713.3**
TOTAL (M3J)	**-10 110.1**	**1 831.3**	**17 480.5**	**-2 286.4**	**-532.5**	**14 639.6**	**5 370.8**	**-2 672.3**
SOURCES OF CHANGE IN LOCAL CURRENCY MONEY SUPPLY								
N.I.R. of B.O.J.	**-21 150.0**	**-25 251.2**	**-11 814.5**	**-23 931.9**	**11 199.9**	**-8 761.8**	**25 787.2**	**27 211.4**
M&LTFL of B.O.J	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Banking System Credit	**7 641.5**	**38 219.4**	**13 979.7**	**32 550.9**	**5 306.6**	**19 659.4**	**-9 881.0**	**-67 483.8**
Public Sector	-10 260.4	31 403.6	6 237.7	19 621.6	-2 210.6	6 639.3	-17 242.2	-70 994.0
Private Sector	17 901.8	6 815.8	7 741.9	12 929.2	7 517.2	13 020.1	7 361.2	3 510.2
Open Market Operations	**33 223.3**	**7 587.4**	**21 085.7**	**-4 623.5**	**-5 797.4**	**6 789.9**	**3 358.3**	**19 415.0**
Other	**-29 824.8**	**-18 724.2**	**-5 770.4**	**-6 281.8**	**-11 241.6**	**-3 047.9**	**-13 574.6**	**18 185.1**
TOTAL	**-10 110.1**	**1 831.3**	**17 480.5**	**-2 286.4**	**-532.5**	**14 639.6**	**5 370.8**	**-2 672.3**
Memo:								
Foreign Currency Deposits (Private Sector)	1 407.1	-1 401.6	15 636.1	14 947.9	2 901.4	2 036.0	1 459.2	9 272.9
Foreign Currency Loans (Private Sector)	-7 874.1	3 371.1	2 913.1	1 780.5	293.7	3 647.2	-1 057.3	-1 955.9

[p]-preliminary

[r] -revised

6A

COMMERCIAL BANKS' SELECTED INTEREST RATES (%)
(End-of-Period)

	Fixed Deposits *		Savings Deposits	Lending Rate	Fixed Deposits Rate	Loan Rate (Weighted	Inter-bank Lending Rate
	3-6 months	6-12 months	(Average) [r]	(Average)	(Weighted Average)	Average)	(Average)
2006/2007							
June	2.50- 14.10	3.00–14.30	5.39	22.50	7.17	17.60	9.00
September	2.50- 14.10	3.00–14.30	5.36	21.80	6.88	17.83	9.13
December	2.50- 14.10	3.00–14.30	5.20	21.90	6.60	17.59	8.10
March	2.50- 14.10	3.00–14.30	5.15	22.49	6.94	17.28	7.75
2007/2008							
June	6.80 - 10.95	6.50 - 11.60	5.17	22.49	6.96	17.23.	9.67
September	6.80 - 11.85	6.50 – 12.35	4.88	21.08	6.85.	17.06	10.50
December	6.80 - 11.85	6.50 – 12.35	4.88	20.82	6.99	17.11	7.58
March	6.80 – 12..85	6.50 – 13.35	4.88	22.47	6.82	17.33	8.29
2008/2009							
June	6.80 – 12..85	6.50 – 13.35	5.05	21.46	6.94.	16.97	11.67
September	7.30 - 12.85	7.00 – 13.35	5.54	23.18	7.03	16.46	8.67
December	7.30 - 12.85	7.00 – 13.35	5.33	23.17	7.37	16.78	24.50
March	7.30 – 16.33	7.00 - 18.11	5.89	22.34	9.97	24.29	8.29
2009/2010							
June	7.30 – 18.20	7.00 – 19.00	5.87	23.32	9.85	24.35	8.07
September	7.30 – 15.49	7.00 – 15.75	5.86	22.26	9.44	24.19	7.39
December	6.75 – 12.86	7.55 – 13.52	5.35	21.62	9.22	23.45	8.64
March	5.35 – 9.82	5.00 – 9.98	4.09	21.51	7.37	22.66	6.57
2010/2011							
June	4.75 – 8.50	4.75 – 10.00	3.90	20.72	6.60	22.11	5.20
September	2.25 – 7.90	2.25 - 8.15	3.12	19.24	5.68	21.52.	5.25
December	2.25 – 7.90	2.25 – 7.70	2.47	18.95	4.89.	20.43	4.14
March	2.25 – 6.00	2.25- 6.75	2.34	18.52	4.52	20.33	3.70
2011/2012							
June	2.25 – 6.00	2.25 – 6.50	2.24	17.98	4.20	20.10	3.43
September	2.25 – 5.72	2.25 – 6.25	2.27	18.54	4.12	18.34	3.29
December	2.25 – 5.72	2.25 – 6.00	2.13	18.30	4.16	18.03	3.34
March	2.25 – 6.40	2.00 – 6.75	2.10	18.12	5.84	17.70	3.73
2012/2013							
June	2.00 – 5.25	2.00 – 6.00	2.10	17.46	5.92	17.36	4.95
September	2.25 – 5.25	2.00 – 6.00	2.07	17.55		17.40	6.71
December	2.25 – 6.10	2.25 – 6.40	2.07	17.23		18.44	4.02
March	0.90 – 5.00	0.90 – 5.25	1.94	17.23		17.97	4.77
2013/2014							
June	0.90 – 5.30	0.90 - 6.10	1.51	16.72	4.52	17.66	3.89
September	0.90 – 5.70	0.90 – 5.90	1.62	16.47		17.45	5.23
December	1.00 – 7.10	1.25 – 7.20	1.23	14.56		17.49	7.59
March	1.00 – 7.10	1.25 – 7.20	1.40	14.74		17.57	9.42

**Relate to deposits of $100 000 and over.*
[r] revised provisionally

6B

GOJ TREASURY BILL YIELDS (End of Period)					
	1-month	*3-month*	*6-month*	*9-month*	*12-month*
2005/2006					
June		12.85	12.88		
September		12.96	13.15		
December		13.34	13.55		
March		13.16	13.18		
2006/2007					
June		12.64	12.82		
September		12.44	12.49		
December		12.26	12.31		
March		11.55	11.65		
2007/2008					
June		11.98	12.13		
September		14.34	14.29		
December		12.89	13.34		
March		13.97	14.22		
2008/2009					
June		14.19	14.43		
September		14.81	15.35		
December		22.01	24.45		
March		20.51	21.77		
2009/2010					
June		19.58	21.05		
September		16.39	17.35		
December		15.95	16.80		
March		10.18	10.49		
2010/2011					
June	8.98	8.52	9.26		
September	8.26	7.75	7.99		
December	7.48	7.40	7.48		
March	6.67	6.46	6.63		
2011/2012					
June	6.67	6.56	6.61		
September	6.47	6.37	6.56		
December	6.45	6.21	6.46		
March	6.24	6.27	6.47		
2012/2013					
June	6.18	6.26	6.47		
September	6.16	6.36	6.57		
December	6.31	7.67	7.18		
March	5.37	5.82	6.22		
2013/2014					
June	6.02	6.76	7.12		
September	6.32	7.42	7.95		
December	6.25	7.53	8.25		
March	6.76	8.35	9.11		

7

BANK OF JAMAICA OPEN MARKET INTEREST RATES

(End of Period)

Tenor of Instruments

End Period	30 days	60 days	90 days	120 days	180 days	270 days	365 days
2004/2005							
September	14.00	14.10	14.20	14.35	14.80	15.35	16.00
December	13.80	13.95	14.05	14.15	14.30	15.00	15.50
March	12.95	13.10	13.20	13.30	13.45	14.00	14.50
2005/2006							
June	12.60	12.70	12.75	12.85	13.00	13.25	13.60
September	12.60	12.70	12.75	12.85	13.00	13.25	13.60
December	12.60	12.70	12.75	12.85	13.00	13.25	13.60
March	12.60	12.70	12.75	12.85	13.00	13.25	13.60
2006/2007							
June*	12.45	12.50	12.60	12.65	12.80	...	...
September	11.95	12.00	12.10	12.15	12.30	...	...
December	11.65	11.70	11.80	11.85	12.00	...	...
March	11.65	11.70	11.80	11.85	12.00	...	...
2007/2008							
June	11.65	11.70	11.80	11.85	12.00	...	...
September	11.65	11.70	11.80	11.85	12.00	...	14.00
December	11.65	11.70	11.80	11.85	12.00	...	13.46
March	13.50	13.70	13.90	14.00	14.20	...	15.00
2008/2009							
June	14.00	14.20	14.40	14.50	14.70	...	15.50
September	14.00	14.20	14.40	14.50	14.70	...	15.50
December	17.00	17.50	20.00	20.20	21.50	...	24.00
March	17.00	17.50	20.00	20.20	21.50	...	24.00
2009/2010							
June	17.00	17.50	20.00	20.20	21.50	...	22.67
September	12.50	13.00	15.50	15.70	17.00	...	...
December	10.50	11.00	13.50	13.70	15.00	...	...
March	10.00	...	...	...	...	...	...
2010/2011							
June	9.00	...	...	...	...	...	...
September	8.00	...	...	...	...	...	...
December	7.50						
March	6.75	...	...	...	...	...	...
2010/2011		...	...	...	...	...	...
June	6.75						
September	6.25						
December	6.25						
March	6.25						
2012/2013							
June	6.25						
September	6.25						
December	6.25						
March	5.75						
2013/2014							
June	5.75						
September	5.75						
December	5.75						
March	5.75						

8A

JAMAICA: GOVERNMENT BOND MARKET
GOJ Maturities
January – March 2014

Maturity Date		Amount J$M	Applicable Interest Rate b/
24 February	Fixed Rate Benchmark Inv. Note 2014	5653.4	7.0
24 February	USD Benchmark Inv.Note (J$ Equiv)	47443.1	5.0

Notes:
b/ The withholding tax of 25% on interest income in effect since May 1, 2000.
N.I.B. Non interest bearing
Source: Debt Management Unit, Ministry of Finance & The Public Service

8B

JAMAICA: GOVERNMENT BOND MARKET
GOJ Domestic Market Issues
January to March 2014

Issue Date	Stock Name	Features	Amount raised J$M

Notes:
a/ Rate above Treasury is the relevant Treasury bill rate in effect at the beginning of the interest period.
b/ The withholding tax of 25% on interest income has been in effect since May 1, 2000.
c/ FR – Fixed Rate
d VR-Variable Rate
N.I.B. Non interest bearing
Source: Debt Management Unit, Ministry of Finance & The Public Service

9

EXTERNAL TRADE – GOODS EXPORTS (f.o.b)
(Flows - US$MN)

	Bauxite	Alumina	Sugar	Bananas	Other Traditional	Non-Traditional	Other	Total Goods Exports
2007/2008	**112.7**	**1 213.7**	**104.9**	**6.4**	**83.8**	**797.1**	**225.3**	**2 543.9**
December	26.7	320.0	0.0	0.0	21.2	162.3	57.6	587.8
March	29.2	310.7	49.4	0.0	18.2	305.8	65.6	778.9
***2008/2009**[r]*	**105.5**	**1 039.3**	**92.6**	**0.0**	**82.6**	**727.5**	**267.2**	**2 314.7**
June	29.6	366.9	43.0	0.0	24.9	251.6	80.4	796.4
September	28.8	304.1	11.8	0.0	25.6	253.4	77.8	701.5
December	26.9	248.8	0.0	0.0	11.9	128.8	50.8	467.2
March	20.2	119.5	37.8	0.0	20.2	93.7	58.2	349.6
2009/2010	**95.7**	**334.5**	**57.8**	**0.0**	**90.8**	**578.8**	**248.6**	**1 406.2**
June	14.4	81.6	26.7	0.0	26.7	153.3	55.9	358.6
September	23.9	84.5	7.8	0.0	26.0	168.8	60.3	371.3
December	26.9	82.4	0.0	0.0	17.5	114.7	66.7	308.2
March	30.5	86.0	23.3	0.0	20.6	142.0	65.7	368.1
2010/2011	**133.1**	**446.7**	**47.9**	**0.0**	**76.6**	**448.2**	**269.2**	**1 421.7**
June	31.6	83.6	13.3	0.0	22.4	109.5	59.4	319.8
September	37.0	87.1	7.7	0.0	22.4	110.7	64.6	329.5
December	29.6	146.0	0.0	0.0	13.5	101.0	63.7	353.8
March	34.9	130.0'	26.9	0.0	18.3	127.0	81.1	418.2
2011/2012	**138.3**	**578.8**	**91.5**	**0.0**	**76.4**	**493.6**	**312.1**	**1 690.7**
June	33.5	163.2	28.9	0.0	22.7	137.3	76.0	461.6
September	38.7	141.8	6.4	0.0	19.9	117.2	83.0	407.0
December	34.8	145.8	0.0	0.0	14.6	110.8	71.9	377.9
March	31.3	128.0	56.2	0.0	19.2	128.3	81.2	444.2
2012/2013								
June	31.8	132.4	37.5	0.0	22.3	126.8	77.9	428.7
September	34.7	130.7	0.5	0.0	20.3	162.5	67.8	416.5
December	32.4	117.2	0.0	0.0	19.2	223.6	64.9	457.3
March [r]	33.3	135.4	16.8	0.0	18.8	192.2	79.7	476.2
2013/2014								
June [r]	31.6	127.0	36.3	0.0	23.5	98.9	71.7	389.0
September [r]	30.6	117.6	0.0	0.0	18.5	113.7	85.1	365.5
December	32.8	142.7	0.0	0.0	13.8	112.5	64.7	366.5

r-revised; p-preliminary

10

BALANCE OF PAYMENTS QUARTERLY SUMMARY (US$MN)

	Jun-12[r]	Sep-12[r]	Dec-12	Mar-1r[p]	Jun-13[p]	Sep-13[r]	Dec-13[p]
1. Current Account	**-415.4**	**-611.3**	**-506.8**	**-329.2**	**-258.7**	**-380.9**	**-420.3**
A. Goods Balance	**-1 014.6**	**-1 121.3**	**-996.9**	**-1 048.8**	**-859.8**	**-964.2**	**-1 061.8**
0 Exports (f.o.b.)	428.7	416.5	457.3	479.6	390.9	365.5	366.5
Imports (f.o.b.)	1 443.3	1 537.8	1 454.2	1 528.4	1 250.8	1 329.7	1 428.3
B. Services Balance	**180.8**	**122.0**	**113.5**	**251.7**	**208.2**	**105.2**	**100.4**
Transportation	-179.4	-207.0	-196.7	-199.4	-173.1	-171.2	-184.7
Travel	464.3	433.5	412.2	573.1	423.9	419.2	438.2
Other Services	-104.2	-104.5	-102.0	-122.0	-119.6	-142.9	-153.1
Goods & Services Balance	**-833.8**	**-999.2**	**-883.4**	**-797.1**	**-651.6**	**-859.0**	**-961.4**
C. Income	**-106.0**	**-111.3**	**-144.1**	**-44.8**	**-85.0**	**-64.4**	**-70.0**
Compensation of Employees	11.8	18.8	16.5	-2.3	0.3	15.3	15.9
Investment Income	-117.8	-130.1	-160.7	-42.5	-85.3	-79.7	-86.0
D. Current Transfers	**524.3**	**499.3**	**520.8**	**519.3**	**545.8**	**542.4**	**611.1**
General Government	43.7	43.1	45.5	57.5	45.4	57.9	98.1
Other Sectors	480.6	456.2	475.2	461.8	500.4	484.5	513.0
2. Capital & Financial Account	**415.4**	**611.3**	**506.8**	**322.6**	**190.8**	**380.9**	**420.3**
A. Capital Account	**-6.9**	**-5.0**	**-7.2**	**1.5**	**-9.1**	**-7.2**	**-5.6**
Capital Transfers	-6.9	-5.0	-7.2	1.5	-9.1	-7.2	-5.6
General Government	1.5	2.7	0.2	13.7	3.1	0.5	1.7
Other Sectors	-8.4	-7.7	-7.3	-12.2	-12.2	-7.6	-7.2
Acq./disp. Of non-produced non-fin. Assets	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
B. Financial Account	**-60.0**	**100.2**	**300.5**	**470.8**	**289.8**	**388.1**	**425.9**
Official Investment	140.1	-179.4	45.3	96.5	27.3	86.8	133.2
Private Investment (including net errors & omissions)	45.6	513.2	336.4	-16.8	-291.6	-11	94.9
Reserves	236.7	282.6	132.2	241.3	-119.0	137.3	17.6

[r]: revised
[p]: provisional

11

FOREIGN EXCHANGE SELLING RATES

(J$ per unit of foreign currency-end of period)

	US$	Can$	GB£
2005/2006			
December	64.58	54.95	110.40
March	65.50	56.14	112.94
2006/2007			
June	66.03	59.50	120.19
September	66.06	59.10	123.48
December	67.15	57.53	131.53
March	67.80	58.75	132.40
2007/2008			
June	68.58	64.81	136.60
September	70.41	70.38	142.28
December	70.62	71.39	140.32
March	71.09	69.75	141.15
2008/2009			
June	71.89	71.49	142.55
September	72.68	69.49	130.35
December	80.47	65.54	116.84
March	88.82	71.97	129.02
2009/2010			
June	89.07	76.84	148.08
September	89.08	82.76	142.16
December	89.60	84.57	143.55
March	89.51	88.06	135.07
2010/2011			
June	86.02	82.26	128.58
September	86.25	83.84	135.87
December	85.86	85.34	133.74
March	85.75	88.14	137.28
2011/2012			
June	85.91	88.61	137.77
September	86.30	83.31	134.69
December	86.60	84.20	134.44
March	87.30	87.65	139.28
2012/2013			
June	88.70	86.71	138.66
September	89.93	91.42	145.39
December	92.98	93.31	152.64
March	98.89	97.99	151.90
2013/2014			
June	101.38	96.70	154.48
September	103.60	100.71	167.16
December	106.38	99.72	175.84
March	109.57	98.93	181.77

12

BANK OF JAMAICA: NET INTERNATIONAL RESERVES
(End-of-Period)

	Gross Foreign Assets (US$MN)	Gross Foreign Liabilities (US$MN)	International Reserves (Net) (US$MN)	Weeks of Imports	
				Goods	Goods & Services
2005/2006					
September	2 243.0	124.0	2 119.0	27.0	19.1
December	2 169.0	81.6	2 087.4	27.0	19.0
March	2 372.9	294.8	2 078.1	28.3	20.1
2006/2007					
June	2 293.2	183.2	2 110.0	22.9	16.7
September	2 474.7	132.7	2 342.0	26.1	18.8
December	2 399.1	81.6	2 317.5	25.2	18.2
March	2 613.6	284.3	2 329.3	27.1	19.5
2007/2008					
June	2 472.3	233.4	2 238.9	24.5	17.7
September	1 943.2	27.0	1 916.2	18.2	13.2
December	1 905.8	28.1	1 877.7	16.8	12.3
March	2 105.9	22.5	2 083.4	18.0	13.3
2008/2009					
June	2 476.8	248.0	2 228.8	21.2	15.6
September	2 280.5	29.4	2 251.1	18.0	13.3
December	1 795.4	22.5	1 772.9	14.8	10.9
March	1 663.4	34.8	1 628.6	12.2	9.2
2009/2010					
June	1 660.6	41.2	1 619.4	18.5	13.1
September	2 007.2	74.0	1 933.2	22.1	15.6
December	1 758.9	22.5	1 736.4	19.2	13.5
March	2 414.4	662.5	1 751.9	26.5	18.6
2010/2011					
June	2 526.7	730.9	1 795.8	25.4	18.6
September	2 789.7	816.0	1 973.7	29.6	21.5
December	2 979.2	807.8	2 171.4	31.9	23.2
March	3 434.7	881.5	2 553.2	37.2	26.7
2011/2012					
June	3 156.7	889.6	2 267.1	28.5	21.4
September	2 949.2	868.6	2 080.6	27.8	20.7
December	2 820.4	854.3	1 966.1	25.5	19.2
March	2 638.9	861.8	1 777.1	23.2	17.5
2012/2013					
June	2 385.1	844.7	1 540.4	21.1	15.9
September	2 115.9	858.1	1 257.8	18.9	14.1
December	1 980.8	855.2	1 125.6	17.7	13.2
March	1 718.4	834.1	884.3	15.4	11.5
2013/2014					
June	1 881.1	877.9	1 003.2	16.7	12.6
September	1 713.5	803.4	910.1	15.8	11.9
December	1 817.6	769.7	1 047.8	17.3	12.8
March	2 048.6	745.0	1 303.6	19.1	14.4

13

JAMAICA STOCK EXCHANGE ACTIVITIES
Quarterly Values

	Main Market			Junior Market		
	JSE Market Index (End of Quarter)	Volume Traded (MN.)	Value of Stocks Traded ($MN.)	Junior Market Index (End of Quarter)	Volume Traded (MN.)	Value of Stocks Traded ($MN.)
2007/2008						
December	107 968.0	640.3	13 609.5			
March	107 439.3	678.2	9 817.1			
2008/2009						
June	109 754.0	1 117 .5	13 665.7			
September	102 018.9	637.8	39 352.8			
December	80 152.0	519.6	4 191.3			
March	79 022.6	657.7	2 248.7			
2009/2010						
June	80 866.1	191.8	1 396.5			
September	79 928.0	339.0	2 960.3			
December	83 322.0	517.6	5 584.5	150.0	0.1	1.5
March	86 010.6	1 782.1	5 918.2	177.8	0.8	23.8
2010/2011						
June	86 333.6	360.2	4 629.5	245.6	4.1	23.9
September	83 613.1	203.9	2 540.9	252.5	4.4	19.0
December	85 220.8	1 225.0	7 740.0	379.9	36.9	125.48
March	86 532.0	310.3	3 324.5	365.4	22.8	107.0
2011/2012						
June	88 585.0	418.0	3 334.2	496.7	36.5	201.6
September	91 731.9	398.0	3 733.4	611.0	129.6	482.9
December	95 297.2	693.0	10 601.9	748.9	117.3	456.4
March	91 369.0	330.6	4 256.1	655.5	54.2	303.2
2012/2013						
June	87 389.0	1 281.2	11 011.9	648.2	24.4	111.1
September	87 188.4	535.6	5 007.4	645.4	22.7	117.8
December	92 101.2	433.8	40 834.1	647.8	468.6	4 653.2
March	81 986.3	346.4	3 623.6	622.4	47.9	225.7
. 2013/2014						
June	86 853.9	305.6	2 153.9	801.3	119.0	620.4
September	84 500.2	316.2	2 997.8	768.8	235.4	380.4
December	80 633.6	424.0	5 465.2	757.9	75.4	159.4
March	75 227.6	865.8	3 499.0	745.2	141.7	266.4

Note: Both volume and value reflect ordinary and block quarterly transactions;

Trading on the Junior Market commenced in October 2009

14

PUBLIC SECTOR DOMESTIC SECURITIES
Outstanding Stocks

(J$MN)

End Period	Local Registered Stocks	Treasury Bills	Bonds	GOJ Benchmark Notes	BOJ Open Market Operations Securities
2006/2007					
June	236 668.6	4 200.0	249 662.1		159 438.0
September	231 237.9	4 600.0	285 901.2		166 018.9
December	229 978.3	4 700.0	294 773.2		154 757.0
March	226 631.1	4 200.0	276 155.1		165 704.0
20007/2008					
June	232 363.8	4 200.0	297 276.0		150 758.3
September	226 746.9	4 200.0	315 256.5		129 771.5
December	224 228.4	4700.0	324 929.2		114 741.3
March	223 581.6	4 200.0	330 008.5		138 179.1
2008/2009					
June	218 100.0	4 200.0	344 170.3		150 835.7
September	213 495.2	4 300.0	357 755.7		146 219.8
December	205 120.1	4 194.5	392 220.6		131 928.8
March	201 936.1	4 094.5	438 381.6		119 337.6
2009/2010					
June	196 457.9	3 955.7	469 957.3		120 774.3
September	185 922.4	4 066.9	525 540.7		118 502.6
December	180 573.5	3 813.4	564 076.7		112 011.3
March	168.1	4 000.0	53 869.1.	695 389.9	121 349.2
2010/2011					
June		4 400.0	33 068.2	731 602.4	110 710.8
September		4 400.0	31 547.2	750 423.9	136 206.2
December		4 000.0	31 116.4	760 285.9	129 180.1
March		4 000.0	29 981.8	769 759.3	143 694.0
2011/2012					
June		4 000.0	29 645.0	792 017.9	135 415.3
September		4 000.0	28 497.3	831 394.5	121 500.5
December		4 000.0	28 182.6	846 266.4	98 899.8
March		4 000.0	64 400.6	839 483.3	111 572.0
2012/2013					
June		4 000.0	64 774.2	867 023.3	74 348.6
September		4 000.0	97 777.6	869 938.0	70 761.2
December		4 000.0	100 203.9	886 786.4	48 675.5
March [r]		4 506.0	108 296.7	891 956.1	54 299.0
2013/2014					
June [r]		3 481.6	110 461.9	894 525.0	60,096.4
September		3 801.6	124 052.7	912 625.0	56 806.5
December		3 938.4	129 357.1	917 227.6	49 948.2
March		4 000.0	149 861.3	867 225.5	30 533.2

n.a.: Not Available

15

PRODUCTION OF SELECTED COMMODITIES
(Quarterly Flows- '000 tonnes)

	Crude Bauxite*	Alumina	Total Bauxite**	Sugar	Bananas***
2006/2007	**4 594.3**	**4 105.2**	**14 905.5**	**144.0**	**30.5**
March	1 171.8	1 021.4	3 726.5	95.4	5.8
2007/2008	**4 386.2**	**3 897.8**	**14 523.0**	**156.9**	**11.7**
June	1 089.7	1 044.3	3 775.3	59.7	8.1
September	1 123.1	908.9	3 489.6	6.9	3.6
December	1 033.3	966.4	3 597.2	9.4	0.0
March	1 140.1	978.2	3 660.9	80.9	0.0
2008/2009	**3 916.7**	**3 856.3**	**13 614.4**	**139.4**	**0.0**
June	1 020.4	1 153.9	3 794.4	54.8	0.0
September	1 115.0	980.5	3 618.7	4.2	0.0
December	1 043.0	1 011.8	3 622.5	0.2	0.0
March	738.3	710.1	2 575.2	80.2	0.0
2009/2010	**3 465.3**	**1 513.5**	**7 347.5**	**133.9**	**0.0**
June	546.2	471.0	1 698.6	42.9	0.0
September	883.6	337.8	1 765.4	2.4	0.0
December	1 032.2	353.9	1 968.0	4.9	0.0
March	1 003.3	350.8	1 915.5	83.7	0.0
2010/2011	**4 630.0**	**1 738.3**	**9 226.3**	**123.1**	**0.0**
June	1 109.4	332.9	2 047.8	30.9	0.0
September	1 220.2	447.0	2 367.3	2.5	0.0
December	985.8	460.7	2 208.9	4.1	0.0
March	1 314.6	497.7	2 602.3	85.6	0.0
2011/2012	**4 970.5**	**1 926.3**	**9 960.5**	**149.6**	**0.0**
June	1 240.5	476.5	2 438.5	47.9	0.0
September	1 346.8	482.9	2 580.4	2.0	0.0
December	1 228.5	490.4	2 549.4	7.7	0.0
March	1 154.7	476.5	2 392.2	92.0	0.0
2012/2013	**4 852.0**	**1 708.0**	**9 193.1**	**137.7**	**0.0**
June	1 175.9	427.6	2 290.5	32.3	0.0
September	1 259.4	420.0	2 332.2	0.0	0.0
December	1 180.6	433.6	2 275.4	12.4	0.0
March	1 236.1	426.8	2 295.0	93.0	0.0
2012/2013					
June	1 123.7	464.5	2 341.9	22.9	0.0
September	1 114.1	462.6	2 338.1	0.0	0.0
December	1 214.3	501.0	2 535.1	5.3	0.0
March	1 159.8	468.9	2 406.4	99.8	0.0

** Crude Bauxite = Bauxite mined for export*
***Total Bauxite Exports = Crude bauxite + bauxite converted to alumina*
****Banana Exports*

16A

VALUE ADDED BY INDUSTRY
AT CONSTANT (2007) PRICES (% CHANGE)
March 2012 - December 2013 (Seasonally Unadjusted)
(Percentage Change (%) Over the Corresponding Quarter of Previous Year)

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Total Value Added at Basic Prices	-0.3	-0.1	-0.3	-1.2	-1.2	-0.3	0.5	1.8
Agriculture, Forestry & Fishing	7.3	9.4	1.2	-7.7	-11.3	-6.3	5.9	13.1
Mining & Quarrying	-4.7	-9.7	-10.6	-10.0	-8.8	6.6	6.4	12.1
Manufacturing	0.7	-2.1	-0.4	-2.2	-1.8	0.0	-0.7	-0.8
Food, Beverages & Tobacco	2.6	-0.3	1.1	-1.4	-1.1	-0.8	-0.7	2.8
Other Manufacturing	-1.8	-4.6	-2.2	-3.0	-2.7	1.1	-0.6	-4.3
Construction & Installation	-6.0	-4.2	-4.0	-3.3	0.6	2.1	2.1	2.6
Electricity & Water	-1.9	-1.7	-1.2	-3.8	-3.0	-2.0	-3.5	1.0
Wholesale & Retail Trade; Repairs; Installation Of Machinery	-1.1	-1.6	-1.7	-2.1	0.0	-0.2	-0.1	0.0
Hotels and Restaurants	0.8	4.7	2.9	-1.4	-2.2	0.6	0.7	5.5
Transport, Storage & Communication	-2.3	-1.5	1.6	2.2	0.6	-0.9	0.2	1.1
Finance & Insurance Services	1.1	1.2	0.4	0.8	0.7	0.7	0.3	0.4
Real Estate & Business Services	-0.3	-1.2	-0.3	0.4	0.4	0.2	0.3	0.3
Government Services	-0.1	0.2	-0.7	0.2	-0.1	-0.2	-0.2	-0.2
Other Services	0.4	1.2	2.7	0.4	-0.2	-0.1	-0.5	1.1
Less Financial Intermediation Services Indirectly Measured (FISIM)	-2.5	-2.8	-2.9	-3.5	-1.6	0.1	0.0	0.2

Source: Statistical Institute of Jamaica

16B

VALUE ADDED BY INDUSTRY
AT CONSTANT (2007) PRICES (% CHANGE)
March 2012 - December 2013 (Seasonally Adjusted)
(Percentage Change (%) Over the Preceding Quarter)

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Total Value Added at Basic Prices	-0.4	0.3	0.1	-1.2	-0.5	1.4	0.9	-0.3
Agriculture, Forestry & Fishing	2.3	-4.6	-0.6	-4.0	-4.7	3.1	12.0	2.7
Mining & Quarrying	-1.8	-10.2	0.5	1.6	-0.5	5.0	0.3	7.1
Manufacturing	-1.6	-3.2	2.5	-0.2	-0.6	-0.9	0.5	-0.3
Food, Beverages & Tobacco	1.5	-1.5	1.0	-2.0	1.3	-1.1	1.1	1.3
Other Manufacturing	-5.3	-5.3	4.4	1.9	-2.9	-0.6	-0.2	-2.3
Construction & Installation	0.5	-1.6	-0.9	-1.7	0.6	-0.1	-2.2	2.9
Electricity & Water	-4.1	1.5	-0.4	-0.6	0.5	2.1	-0.2	0.2
Wholesale & Retail Trade; Repairs; Installation Of Machinery	-1.5	-0.6	-0.6	0.7	0.7	-0.8	0.2	-1.3
Hotels and Restaurants	5.6	0.5	-7.8	0.7	3.9	4.2	-7.7	6.0
Transport, Storage & Communication	3.3	2.3	-2.9	-0.6	1.9	0.8	-1.8	0.2
Finance & Insurance Services	0.6	0.9	-1.0	0.4	0.1	1.1	-1.3	0.6
Real Estate & Business Services	0.3	-0.7	0.6	0.2	0.2	-0.8	0.8	0.2
Government Services	-3.7	7.2	5.0	-7.6	-4.0	7.1	4.9	-7.5
Other Services	-0.3	0.7	0.9	-0.8	-0.8	0.6	0.4	0.9
Less Financial Intermediation Services Indirectly Measured (FISIM)	1.6	0.9	-4.1	-1.9	3.7	2.6	-4.1	-1.8

Source: Statistical Institute of Jamaica

D. BANK OF JAMAICA BALANCE SHEET

ASSETS AND LIABILITIES
(End of Period)
J$MN

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
1. Assets	**358 589.7**	**340 033.4**	**319 175.1**	**315 534.6**	**303 435.0**	**327 973.6**	**316 867.5**	**342 807.3**	**423 032.3**
Foreign	230 191.6	210 509.5	190 594.0	184 347.3	169 057.0	190 989.1	177 352.1	193 396.4	225 317.0
Current Account & Foreign Currency Balances	35 430.2	23 536.6	33 457.7	29 884.2	16 099.6	17 360.1	19 884.8	40 453.1	62 211.3
Time Deposits & Securities	152 873.7	145 839.2	115 886.8	112 909.5	110 838.7	128 544.4	110 532.0	104 782.0	113 573.9
Holdings of Special Drawing Rights	28 291.2	27 363.8	27 155.9	26 955.8	26 759.1	29 253.1	30 689.4	31 384.9	32 196.2
Other	13 596.5	13 769.8	14 093.6	14 597.8	15 359.6	15 831.5	16 245.8	16 776.4	17 335.7
Local	128 398.1	129 523.9	128 581.1	131 187.3	134 378.0	136 984.5	139 515.5	149 410.9	197 715.3
Public Sector Securities	92 690.5	92 586.9	91 833.7	93 616.7	99 670.4	100 514.7	103 855.8	111 805.2	142 293.2
Discounts & Advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
Other Assets	35 707.6	36 937.1	36 747.4	37 570.6	34 707.6	36 469.8	35 659.7	37 605.6	55 420.1
Liabilities	**358 589.7**	**340 033.4**	**319 175.1**	**315 534.6**	**303 435.0**	**327 973.6**	**316 867.5**	**342 807.3**	**423 032.3**
Foreign	72 666.2	74 951.9	75 304.2	77 988.3	80 524.3	86 971.4	80 738.7	79 505.0	79 329.8
Local	282 923.5	265 081.6	243 870.9	237 546.3	222 910.7	241 002.1	236 128.8	263 302.2	263 302.3
Currency in Circulation	53 778.1	54 094.1	54 112.4	64 763.4	57 765.3	57 793.5	58 293.7	69 890.1	61 210.8
Deposits	179 503.9	159 115.3	138 145.4	119 734.4	133 837.3	147 983.4	142 311.1	157 301.4	227 609.5
Bankers	46 984.2	47 908.6	49 352.5	60 090.9	59 181.2	62 296.6	65 589.1	65 226.8	67 050.4
Government	10 117.1	23 159.5	12 547.5	7 244.1	16 468.0	12 188.7	13 915.6	7 292.4	13 755.0
Open Market Operations	111 572.0	78 348.6	70 761.2	48 675.5	54 299.0	60 096.4	56 806.5	49 948.2	30 533.2
Other	10 830.6	9 698.6	5 484.2	3 723.9	3 889.1	13 401.7	8 490.9	34 834.1	116 271.0
Allocation of Special Drawing Rights	36 280.4	35 362.5	35 362.4	35 362.4	35 362.4	39 109.6	41 390.1	42 708.9	44 199.5
Capital & Reserves	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Other Reserves	12 970.5	12 832.1	12 018.2	11 707.5	8 296.1	8 849.9	7 305.9	7 026.9	8 322.6
Other Liabilities (Net)	3 366.6	3 653.6	4 208.5	5 954.6	-12 374.4	-12 758.3	-13 196.0	-13 649.0	-13 649.0

E. COMMERCIAL BANKS' BALANCE SHEET

ASSETS AND LIABILITIES
(End-of -period)
J$MN

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Assets	624 244.5	623 237.0	625 020.2	656 452.6	685 987.4	688 718.7	727 444.9	734 996.3	767 543.3
Cash	6 216.4	6 218.0	6 487.0	9 949.4	6 897.6	6 983.5	6 951.8	11 160.4	7 376.1
Balances with BOJ	94 140.1	75 655.3	74 386.0	68 022.2	72 177.1	66 562.4	67 233.6	64 953.4	104 527.2
Foreign Assets	113 782.9	119 333.2	112 980.1	126 043.6	139 609.2	137 254.7	150 139.2	153 521.2	142 113.8
Loans & Advances	277 204.9	287 928.9	298 632.5	307 477.9	322 780.5	333 891.0	355 766.2	362 116.9	361 913.0
Private Sector	251 915.9	262 438.3	272 844.4	282 168.8	299 945.9	307 634.8	326 098.8	334 081.3	337 085.3
Public Sector	25 289.0	25 490.6	25 788.1	25 309.1	22 834.6	26 256.2	29 667.4	28 035.6	24 827.7
Public Sector Securities	79 374.5	78 958.0	77 523.2	88 818.2	84 460.4	83 864.3	83 836.7	83 361.8	86 056 0
Cheques in the Process of Collection	2 779.5	2 800.8	2 101.1	2 065.8	2 602.7	2 262.1	2 345.4	2 345.4	5 431.8
Other Assets	50 746.2	52 342.8	52 910.3	54 075.5	57 459.9	57 900.7	61 510.3	57 537.2	60 125.3
Liabilities	624 244.5	624 237.0	625 020.2	656 452.6	685 987.4	688 718.7	727 444.9	734 996.3	767 543.3
Deposits	409 844.6	422 961.3	415 027.7	444 794.8	465 098.4	461 656.4	476 628.3	487 471.9	488 202.8
Local Currency	251 981.8	249 558.1	256 007.8	268 720.3	277 238.9	267 988.1	279 752.1	280 109.7	269 191.5
Foreign Currency	157 862.8	173 403.2	159 019.9	176 074.5	187 859.5	193 668.3	196 876.2	207 362.2	219 011.3
Foreign Liabilities	54 016.4	46 535.7	42 267.3	40 255.3	48 568.6	57 915.2	55 679.1	48 337.0	47 133.6
Discounts & Advances from BOJ	778 .7	632.0	672.0	710.7	679.3	873.2	900.5	338.8	1 044.8
Loans/Advances from Other Institutions	5 826.3	5 413.6	5 549.3	5 101.6	5 946.6	5 452.6	8 003.5	9 654.9	9 427.5
Cheques in the Process of Payment	3 065.3	3 010.5	2 935.2	3 332.3	6 646.6	3 810.4	3 444.2	3 469.8	6 521.6
Other Liabilities	150 713.2	144 683.9	158 568.7	162 257.9	159 047.9	159 010.9	182 789.3	185 723.9	215 212.9

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F. INTERNATIONAL INDICATORS

1

USD LONDON INTERBANK OFFER RATE–LIBOR (End- of-Period)				
	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS
2007/2008				
June	5.3200	5.3600	5.3863	5.4256
September	5.5572	5.5424	5.3916	5.0865
December	4.6000	4.7025	4.5963	4.2238
March	2.7031	2.6881	2.6143	2.4862
2008/2009				
June	2.4625	2.7831	3.1088	2.4862
December	0.4360	1.4250	1.7500	2.0040
March	0.5320	1.2670	1.8270	2.1170
2009/2010				
June	0.3090	0.5950	1.1110	1.6060
September	0.2456	0.2869	0.6288	1.2638
December	0.2309	0.2506	0.4297	0.9844
March	0.2486	0.2915	0.4444	0.9200
2010/2011				
June	0.3484	0.5339	0.7525	1.1731
September	0.2563	0.2900	0.4625	0.7778
December	0.2606	0.3028	0.4559	0.7809
March	0.2435	0.3030	0.4595	0.7825
2011/2012				
June	0.1856	0.2458	0.3978	0.7335
September	0.2394	0.3743	0.5578	0.8649
December	0.2953	4.9075	0.8085	1.1281
March	0.2413	0.4682	0.7334	1.0485
2012/2013				
June	0.2458	0.4606	0.7344	1.0680
September	0.2143	0.3585	0.6359	0.9730
December	0.2087	0.3060	0.5083	0.8435
March	0.2037	0.2826	0.4449	0.7315
2013/2014				
June	0.1958	0.2731	0.4144	0.6902
September	0.1789	0.2489	0.3685	0.6294
December	0.1677	0.2461	0.3480	0.5831
March	0.1520	0.2306	0.3289	0.5581

2

PRIME LENDING RATES
(End- of-Period)

	EURO-ZONE	UNITED STATES			UNITED KINGDOM
	Repo rate	Fed Funds Rate	Discount Rate	Prime Rate	Repo rate
2004/2005					
2008/2009					
June	4.00	2.00	2.25	5.00	5.00
September	4.25	2.00	2.25	5.00	5.00
December	2.50	0 – 0.25	0.50	3.61	2.00
March	1.50	0 – 0.25	0.50	3.25	0.50
2009/2010					
June	1.00	0 – 0.25	0.50	3.25	0.50
September	1.00	0 – 0.25	0.50	3.25	0.50
December	1.00	0 – 0.25	0.50	3.25	0.50
March	1.00	0 – 0.25	0.75	3.25	0.50
2010/2011					
June	1.00	0 – 0.25	0.75	3.25	0.50
September	1.00	0 – 0.25	0.75	3.25	0.50
December	1.00	0 – 0.25	0.75	3.25	0.50
2011/2012					
June	1.25	0-0.25	0.75	3.25	0.50
September	1.50	0 – 0.25	0.75	3.25	0.50
December	1.00	0 – 0.25	0.75	3.25	0.50
March	1.00	0 - 0.25	0.75	3.25	0.50
2012/2013					
June	1.00	0 - 0.25	0.75	3.25	0.50
September	0.75	0 - 0.25	0.75	3.25	0.50
December	0.75	0 - 0.25	0.75	3.25	0.50
March	0.75	0 - 0.25	0.75	3.25	0.50
2013/2014					
June	0.50	0 - 0.25	0.75	3.25	0.50
September	0.50	0 - 0.25	0.75	3.25	0.50
December	0.25	0 - 0.25	0.75	3.25	0.50
March	0.25	0 - 0.25	0.75	3.25	0.50

3A

INTERNATIONAL EXCHANGE RATES
Other Major Currencies vs. US$
(Currency/US$)
(End- of-Period)

	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Sterling vs. US$	0.6401	0.6437	0.6256	0.6376	0.6199	0.6150	0.6588	0.6575	0.6181	0.6034	0.6012
Canadian $ vs. US$	1.0389	1.0170	0.9991	1.0191	0.9837	0.9949	1.0156	1.0512	1.0285	1.0636	1.1053
Yen vs. US$	77.013	76.987	82.434	79.804	77.948	86.6630	94.037	99.170	98.3270	105.203	103.010
Euro vs. US$	0.7436	0.7709	0.7500	0.7894	0.7779	0.7584	0.7787	0.7687	0.7389	0.7258	0.7259

3B

INTERNATIONAL EXCHANGE RATES

EXCHANGE CROSS RATES
(March 2014)

	GBP	CAN$	US$	Yen	Euro
GBP	1.0000	1.8430	1.6674	171.7600	1.2103
CAN$	0.54259	1.0000	0.90473	93.197	0.65673
US$	0.5997	1.1053	1.0000	103.0100	0.7259
Yen	0.0058	0.0107	0.0097	1.0000	0.0070
Euro	0.8262	1.5227	1.3776	141.9100	1.0000

3C

INTERNATIONAL EXCHANGE RATES
Other Major Currencies vs. GBP
(Currency/pound)
(End- of-Period)

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
US$ vs. GBP	1.5984	1.5684	1.6132	1.6261	1.5180	1.5208	1.6178	1.6573	1.6674
Canadian $ vs. GBP	1.597	1.5984	1.5869	1.6178	1.5417	1.5987	1.6639	1.7627	1.843
Yen vs. GBP	131.77	125.17	125.74	140.92	142.75	150.82	159.07	174.35	171.76
Euro vs. GBP	1.1988	1.2381	1.2549	1.2333	1.1821	1.169	1.1953	1.2028	1.2103

4A

WORLD COMMODITY PRICES
KEY CRUDE OIL PRICES (US$/barrel – f.o.b.)
(Period Averages)

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
North Sea Brent	118.60	108.86	109.95	110.45	112.91	103.01	110.10	109.41	107.88
West Texas Intermediate	102.94	93.50	92.22	88.19	94.40	94.23	105.82	97.48	98.93

4B

WORLD COMMODITY PRICES
FOOD
(Period Averages)

	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Wheat (US$/mt, Average Winter)	268.88	260.39	341.46	346.48	309.51	294.50	281.76	292.20	280.67
Coffee (USc/kg, Arabica brand)	486.95	400.35	399.96	357.12	335.49	319.86	298.23	276.82	382.67

5

MAJOR STOCK MARKET INDICES

(End- of-Period)

	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
TOKYO										
Nikkei Index	8455.35	10083.56	9006.78	8870.16	10395.18	12397.91	13677.32	14455.8	16291.31	14827.83
NEW YORK										
Dow Jones Industrials	12217.56	13212.04	12880.09	13437.13	13104.14	14578.54	14909.6	15129.67	16576.66	16431.14
S & P Composite	1257.60	1408.47	1362.16	1440.67	1426.19	1569.19	1606.28	1681.55	1848.36	1862.73
LONDON										
Financial Times SE 100	5572.28	5768.45	5571.15	5742.07	5897.81	6411.74	6215.47	6462.22	6749.09	6632.98
FRANKFURT										
Dax Index	5898.35	6946.83	6416.28	7216.15	7612.39	7795.31	7959.22	8594.4	9,552.16	9,555.91

Glossary

Amortization: The repayment of a loan in installments over an agreed period of time.

Base Money: The sum of notes and coins held by the public and the cash reserves of commercial banks (including both their holding of cash and their deposits at the central bank). The monetary base is the operating target used in the BOJ monetary policy framework and can be controlled through open market operations. Changes in the monetary base emanate from sources within the net domestic assets (NDA) as well as the net international reserves (NIR).

Bond Market: The domestic bond market primarily captures debt instruments offered by the Central Government to fund its budgetary needs.

Cash Reserve Requirement: The requirement by law that a percentage of deposit liabilities of deposit-taking institutions must be held as interest free deposits at the Central Bank.

Core Inflation: Also called ***Underlying Inflation***. It is that part of overall inflation that can be attributed to changes in base money. Central Banks typically try to control core inflation because there are some parts of inflation that are outside of their control. One example of this is the effect of changes in oil prices.

Credit: Loans extended by banks, building societies and other financial institutions.

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.

Exchange rate (nominal): The number of units of one currency offered in exchange for another. For example a Jamaica dollar/United States dollar exchange rate of ‘forty two dollars to one’ indicates that forty-two Jamaican dollars are needed to obtain one United States dollar.

Exchange rate pass-through: The effect of exchange rate changes on one or more of the following: import and export prices, consumer prices, investments and trade volumes.

Export Price Index: The export price index (EPI) is a weighted index of the prices of goods and services sold by residents of a country to foreign buyers.

Foreign exchange cash demand/supply: The amount of foreign exchange purchased by market participants from the authorized dealers and cambios, while ***cash supply/inflows*** is the amount sold to the Bank of Jamaica, authorized dealers and cambios by market participants, private institutions and multilateral agencies.

Financial Programme: An integrated system of macroeconomic accounts and behavioural relationships defining the set of monetary, fiscal and exchange rate policy measures designed to achieve specified macroeconomic targets.

Financial Asset*:* An instrument issued by an institution (e.g. BOJ) that provides economic benefits, by (1) generating interest income or net profits and (2) acting as a store of value. These benefits are created through a formal/informal borrowing/lending relationship. Most common types of financial assets are money and credit.

Fiscal deficit: The excess of the Government's expenditure over its revenue for a given period of time.

Fiscal Year: The twelve months beginning in April. Thus fiscal year 2000/2001 refers to the period April 2000 to March 2001.

Government Securities: Debt instruments issued by the Ministry of Finance either to bridge timing gaps between revenue and expenditure or to cover any excess of expenditure over revenue. These securities include short-term instruments such as Treasury Bills and more long term ones like Local Registered Stock, or Debentures.

Gross Domestic Product (GDP)*:* This is the total value of all goods and services produced within an economy over a particular time period –either a year or three month.

Import Price Index: The import price index (IPI) is a weighted index of the prices of goods and services purchased by residents of a country from foreign sellers.

Inflation: refers to the change in the general price level. In Jamaica, this is derived as the change in the Consumer Price Index (CPI) calculated and published by the Statistical Institute of Jamaica.

Intermediate Target: An intermediate target of policy. e.g. the money supply or the exchange rate, has three main characteristics.
It is not directly determined by the Central Bank,
It responds, however, to a stimulus that the Central Bank can vary, and
Its behaviour should to be closely related to the ultimate target-inflation.

Jamaica Central Securities Depository (JCSD): The Principal function of the JCSD is to provide for relatively risk-free settlement of share transactions. It accomplishes this by employing an electronic, book-entry system for registering changes of ownership of securities which eliminates the need for physical certificates. The JCSD also provides vaulting facilities for the safekeeping of certificates.

JSE Indices: The **JSE Index** comprises all Ordinary Companies on the Main Market. The **JSE Combined Index** comprises all Ordinary Companies on the Main Market and Junior Market. The **JSE All Jamaican Composite Index** comprises of only Jamaican Companies on the Main Market. The **JSE Select Index** comprises the JSE's 15 most liquid

Securities on the Main Market. The **JSE Cross Listed Index** is comprised of only foreign companies on the Main Market. **The Junior Index** comprises all Ordinary Companies on the Junior Stock Market.

Liquid Asset*:* An asset is considered liquid if it can be easily and with little or no loss converted to cash. The liquid assets of commercial banks in Jamaica include notes and coins, short-term deposits at the Bank of Jamaica, GOJ Treasury Bills, Local Registered Stock maturing within 270 days and any GOJ security designated by the Ministry of Finance.

Money: Anything that is generally accepted in exchange for goods and services and for the payment of debt. (e.g. example, notes and coins.). Hence money is said to be a medium of exchange. Money also serves as a means of storing wealth as well as a standard of and unit of accounting for financial values and flows.

Money Multiplier: This defines the relationship between the monetary base (M0) and the money supply and is usually calculated as the ratio of M3 to M0. It measures the maximum amount of money that can be created by the banking system given the provision of an additional dollar to the system by the central bank. The money multiplier implies that when the central bank conducts monetary policy in such a way as to increase the monetary base, the overall expansion in the money supply is a multiple of this initial increase. This is also true if the central bank reduces the monetary base.

Money Supply**:** This is the stock of instruments or assets formally designated as money in a particular economy. There are alternative measures of money supply both within and between countries. In Jamaica, the measurements of money that are calculated and published are:
M1: Notes and coins in circulation + Demand Deposits
M2: M1+ Time and savings deposits
M3: M2 + Other Deposits.
A 'J' indicates that the components are Jamaican dollar liabilities only and an '*' indicates that the components also include foreign currency liabilities of the banking system.

Monetary Base**: See *Base Money***

Monetary policy framework: This defines the transmission process through which policy actions taken by the Central Bank make an impact on the final target - inflation. The components of a monetary policy framework are policy instruments, operating targets, intermediate targets, and the ultimate goal/objective.

Monetary Policy Instruments: These are instruments used by the Central Bank to influence the money supply and credit. They include open market operations and the reserve requirement ratio.

Net Domestic Assets: The difference between the monetary base and the NIR. It is comprised of the Bank's net claims on the public sector, mainly Central Government, open market operations liabilities and net claims on commercial banks and other financial institutions.

Open Market Operations (OMO): Money market trading between the Bank of Jamaica and authorized dealers with the intention of influencing money and credit in the financial system. OMO involves outright sale or purchase of GOJ securities from the stock of securities held by BOJ, and/or repurchase and reverse repurchase transactions.

Operating Rate**:** The percentage of total production capacity of some entity, such as a country or a company that is being utilized at a given time.

Operating Target: An operating target of policy e.g. the monetary base and interest rates, is influenced directly by the Central Bank and is adjusted by the Bank in order to bring about the desired impact on its policy target.

Primary Dealer (PD)**:** The set of intermediaries through which BOJ conducts open market operations. In developed country markets, PD's underwrite government issues as well as participate in block transactions with the central bank.

Public Sector Entities (PSE) Foreign Exchange Facility: A foreign exchange surrender facility for public sector entities which seeks to centralize foreign currency demand. Under this facility Commercial Banks, Authorized Dealers and Cambios agreed to surrender amounts in addition to the pre-existing requirements.

Quasi-Fiscal Costs: The cost to the central bank of sterilizing the liquidity effects of capital inflows.

Quasi-money*:* Savings Deposits plus Time Deposit.

Real Appreciation: An increase in the volume of foreign goods that can be bought with a unit of domestic currency; alternatively it is a decrease in the volume of domestic goods that can be purchased with a unit of foreign currency. Thus, a real appreciation makes exports less attractive and imports relatively cheaper. This may ensue from a nominal appreciation, which is the rise in the unit price of the currency, or a greater increase in domestic prices relative to foreign prices, or both.

Real Exchange Rate**:** The price of one country's currency in terms of another, adjusted for the inflation differential between the countries.

Real interest rate: This represents the rate of return on assets after accounting for the effects of inflation on the purchasing power of the return. It is calculated by adjusting the nominal interest rate by the inflation rate.

Repurchase Agreement (repo)**:** The purchase of a security from a primary dealer who agrees to repurchase the same at a specified rate and an agreed future date.

Reserve Requirement: refers to the portion of deposit liabilities that financial institutions may not lend and have to retain either as liquid assets or on deposit at the Bank of Jamaica.

Reverse Repurchase Agreements: An agreement whereby the Central Bank sells a security that it owns and agrees to buy back same at a specified rate at an agreed future date.

Securities**:** Legal documents giving title to property, or claim on income e.g. bonds and stocks.

Signal Rate: Interest rate on Bank of Jamaica's thirty-day reverse repurchase agreements. This rate provides a benchmark for the pricing of all open market instruments negotiated between the BOJ and Primary Dealers.

Special Drawing Right: The SDR is an interest-bearing international reserve asset created by the IMF to supplement the official reserves of member countries.

Statutory Cash Reserves**:** That portion of deposit liabilities of deposit-taking institution, which by a statutorily based stipulation, must be held as interest free deposits at the Central Bank.

Sterilization*:* The use of open market operations to prevent intervention in the foreign exchange market from changing the monetary base. With sterilization, any purchase of foreign exchange is accompanied by an equal-value sale of domestic bonds and vice versa.

Time deposit**:** A bank account based on a contractual arrangement between the deposit taking institution and the depositor where both parties agree to a pre-determined interest rate and maturity date, on which deposits earn interest and premature withdrawals from which require advance notice.

Terms of Trade: An index of the ratio of export prices to the index of import prices. An improvement in the terms of trade follows if export prices rise more quickly than import prices.

Tourism Implicit Price Index: a measure of prices in the tourism industry as reflected by average daily expenditure per tourist.

List of Boxes in the Quarterly Monetary Policy Report