2022

BANK OF JAMAICA

Quarterly Monetary Policy Report

August 2022 • Volume 23 • Number 1

Nethersole Place
Kingston
Jamaica

Telephone: (876) 922 0750-9
Fax: (876) 967 4265
Email: library@boj.org.jm
Website: www.boj.org.jm

ISSN 0799 1037

Printed in Jamaica

Monetary Policy at the Bank of Jamaica

Bank of Jamaica's monetary policy objective is to achieve an inflation target of 4 – 6 per cent per annum for the next three years. This inflation rate, measured as the annual point-to-point change in the consumer price index that is published by the Statistical Institute of Jamaica, will facilitate sustained growth and development in Jamaica.

The inflation target was established by the Minister of Finance and the Public Service in consultation with Bank of Jamaica in April 2021.

The Bank uses a variety of tools to achieve its inflation target, the main one being the interest rate on overnight balances in the current accounts of deposit-taking institutions at Bank of Jamaica. Changes in the Bank's policy rate signal the Bank's policy stance towards achieving its inflation objective, which is transmitted to prices through the financial markets and then through spending and investment decisions.

Monetary policy decisions affect inflation with a lag of between 4 to 8 quarters. For this reason, monetary policy in Jamaica is forward looking and the Bank puts much effort into establishing its view of the economy in the future, and bases its decision on this view. It is also important that the Bank clearly and transparently communicates this view of the future to the Jamaican public. The Bank undertakes an assessment of the economy eight times during each calendar year and publishes its decisions in accordance with a pre-announced schedule. On four of these occasions, when most data on the key macro-economic variables are available, the Bank prepares a comprehensive macroeconomic forecast covering the international economy, the fiscal accounts, balance of payments, money, credit, interest rates, GDP and prices.

This Monetary Policy Report describes the Monetary Policy Committee's most recent policy decision and outlines the Bank's projections for inflation in Jamaica and the main macroeconomic variables that affect it. The Monetary Policy Report is prepared and published once every three months at the time of four of the Bank's monetary policy announcements.

Overview

The pace of economic recovery in Jamaica and the global economy in the June 2022 quarter continued to be impacted by high inflation, notwithstanding an easing of supply chain disruptions. Furthermore, the uncertainty created by the war in Ukraine, global monetary policy tightening and a possible resurgence of the COVID-19 pandemic will continue to be the key factors of economic and market outcomes. Despite these circumstances, the Jamaican economy remains on the path to recovery and quarterly GDP is still expected to return to its pre-COVID-19 level of activity by early 2023. The Bank remains concerned about domestic inflation which continued to accelerate significantly above the upper end of the Bank's 4.0 per cent to 6.0 per cent target. Consequently, the Bank continued to pursue strong measures during the quarter to ensure that inflation returns to the target range in the shortest possible timeframe.

Annual inflation was 10.9 per cent at June 2022, below the 11.3 per cent at March 2022 but above the 4.3 per cent at June 2021. The outturn at June 2022 primarily reflected an acceleration in processed food inflation. In addition, inflation for energy-related inflation and services accelerated due to elevated LNG prices and the continued lagged impact of higher international grains and freight costs, respectively. Inflation is projected to stabilize in the range of 9.0 per cent to 11.0 per cent for the remainder of 2022 and to fall within the target range by the December 2023 quarter.

The Jamaican economy is estimated to have grown in the range of 2.5 per cent to 3.5 per cent for the June 2022 quarter. As expected, this was a slower pace of growth relative to the expansion of 6.4 per cent recorded for the March 2022 quarter. From the perspective of aggregate supply, there was estimated growth in all industries for the review quarter, except *Mining & Quarrying.* GDP growth for FY2022/23 is projected to moderate within the range 2.5 per cent to 4.5 per cent from the growth of 8.2 per cent for FY2021/22. This is broadly similar to the Bank's previous projection. The risks to the growth forecast are assessed to be skewed to the downside.

A current account deficit within the range of 0.0 per cent to1.0 per cent of GDP is estimated for the June 2022 quarter, higher (worse) than the outturn for the June 2021 quarter. This deterioration is reflected primarily in the merchandise trade balance and current transfers sub-account. The merchandise trade balance is estimated to have deteriorated mainly due to an increase in imports of consumer goods, capital goods, raw material, transport equipment and fuel. The deterioration on current transfers is mainly due to lower remittance inflows. On the positive side, there were improvements on the services balance and the income sub-accounts. The improvement on the services balance primarily reflected higher stop-over visitor arrivals, higher average daily expenditure as well as higher cruise passenger arrivals. The improvement on the income sub-account is underpinned by higher investment inflows and lower outflows. Of note, the current account is estimated to have marginally improved to a deficit of 1.0 per cent for FY2021/22.

The current account is projected to deteriorate over the next eight quarters due mainly to a higher deficit on the merchandise trade balance and a deterioration in the services sub-account, partially offset by improvements on the current transfer and income sub-accounts. The Bank anticipates that the CAD will range between 2.0 per cent to 3.0 per cent of GDP for FY2022/23 to FY2023/24 and average between 1.0 to 2.0 per cent of GDP over the medium-term. The risks to the projections for the CAD are balanced. Jamaica's international reserves remained buoyant with gross reserves at end-June 2022 of US$4.4 billion, representing 129.1 per cent of the Assessing Reserve Adequacy metric for FY2022/23.

For the June 2022 quarter, the Jamaican dollar appreciated by 1.4 per cent. This compared to a depreciation of 1.3 per cent recorded in the corresponding quarter in the previous year. There were demand pressures during the of the quarter, however, these pressures were attenuated by B-FXITT sales by the Bank amounting to US$60.0 million. These sales were lower than the US$80.0 million sold to the market during the corresponding period of 2021.

Broad money grew at an annual rate of 9.6 per cent at May 2022, a deceleration relative to the growth of 11.0 per cent at March 2022. The expansion in broad money at May 2022 reflected growth of 9.3 per cent in local currency deposits, which stemmed from growth in savings and demand deposits. Private sector credit provided by deposit-taking Institutions (DTI's) continued to grow at a slow pace, recording annual growth of 9.3 per cent at May 2022, below the growth of 9.0 per cent at March 2022. The growth in private sector credit reflected the lagged effect of the pandemic on credit demand, particularly from businesses, as expansion plans were put on hold.

The financial system continued to be resilient. DTI's risk-weighted Capital Adequacy Ratio (CAR) at end-June 2022 was 14.1 per cent, well above the statutory requirement of 10 per cent. Banks also remained liquid, with all licensees reporting Liquidity Coverage Ratios (LCRs) in excess of 100 per cent at end-June 2022. The quality of the DTIs' loan portfolio remained fairly stable with a ratio of non-performing loans (NPLs) to gross loans at June 2022 of 2.7 per cent, marginally lower than the 2.9 per cent recorded a year earlier.

In June 2022, Bank of Jamaica, through its Monetary Policy Committee (MPC), announced its decision to further increase the policy interest rate by 50 basis points to 5.50 per cent per annum, effective 30 June 2022. The Bank also decided to continue pursuing other measures to contain Jamaican dollar liquidity expansion and maintain stability in the foreign exchange market. In the wake of the MPC's past monetary policy adjustments, interest rates on new bank deposits and loans in Jamaica have started to rise and there has been greater stability in the exchange rate, relative to the recent past. The Bank's recent decisions will cause liquidity conditions to remain tight and interest rates on bank deposits and loans to rise further, making savings in Jamaican dollars more attractive relative to foreign currency assets and borrowing in Jamaican dollars more expensive. Additionally, the tightening of monetary policy will generally reduce demand in the economy and, consequently, businesses' ability to pass on price increases to consumers. These decisions are also expected to continue to support stability in the foreign exchange market, reinforced by the Bank's strong international reserves position. The MPC will continue to closely monitor the global and domestic economic environment and is prepared to pause its monetary policy tightening if the incoming data continues to reflect a downwards track for inflation.

Contents

ABBREVIATIONS & ACRONYMS

B-FXITT	Bank of Jamaica's Foreign Exchange Intervention & Trading Tool
BOJ	Bank of Jamaica
BOP	Balance of Payments
Brexit	British Exit
bps	Basis points
CAD	Current Account Deficit
CDs	Certificates of Deposit
CDI	Credit Demand Index
CIF	Cost, Insurance and Freight
CPI	Consumer Price Index
CPI-AF	Consumer Price Index without Agriculture and Fuel
CPI-F	Consumer Price Index without Fuel
CPI-FF	Consumer Price Index without Food and Fuel
CSI	Credit Supply Index
CY	Calendar Year
DIJA	The Dow Jones Industrial Average
DTIs	Deposit-taking Institutions
EFR	Excess funds rate
EGOF	Electricity, Gas & Other Fuels
EMBI+	JP Morgan Emerging Market Bond Index
e.o.p	End of Period
EPI	Export Price Index
EFR	Excess Funds Rate
Fed	US Federal Reserve System
FNB	Food & Non-Alcoholic Beverages
FTSE	Financial Times Stock Exchange
FY	Fiscal Year
GDP	Gross Domestic Product
GOJ	Government of Jamaica
GOJGBs	Government of Jamaica Global Bonds
HWEG	Housing, Water, Electricity Gas & Other Fuels
IES	Inflation Expectations Survey
IMF	International Monetary Fund
IPI	Import Price Index
IRC	Interest Rate Corridor
JMD	Jamaica Dollar
JSE	Jamaica Stock Exchange

LHS	Left Hand Side
LME	London Metal Exchange
M2J	Broad money supply
M2+	Broad money supply that includes foreign currency deposits
MCI	Monetary Conditions Index
NDA	Net Domestic Assets
NIR	Net International Reserve
NOP	Net Opening Position
o/w	Of which
O/N	Overnight
OMO	Open Market Operations
PMMR	Private Money Market Rates
QoQ	Quarter over Quarter
QPC	Quantitative Performance Criteria
RADA	Rural Agriculture Development Agency
REER	Real Effective Exchange Rate
S&P	Standard & Poor's
SBA	Stand-by Agreement
SCT	Special Consumption Tax
SLF	Standing Liquidity Facility
T-Bill	Treasury Bill
TP	Trading Partners
UR	Unemployment Rate
US	United States
USD	US dollar
WASR	Weighted Average Selling Rate
WTI	West Texas Intermediate

1.0 Inflation

Inflation is projected to average between 6.0 per cent and 8.0 per cent over the next eight quarters (September 2022 quarter to the June 2024 quarter), which is in-line when compared to the average inflation rate of 7.2 per cent over the past two years but lower than the previous projection of 7.0 per cent to 9.0 per cent. Inflation is projected to stabilize in the range of 9.0 per cent to 11.0 per cent for the remainder of 2022 and to fall within the target range by the December 2023 quarter. Inflation will continue to breach the upper limit of the Bank's target range over the next 10 to 15 months.

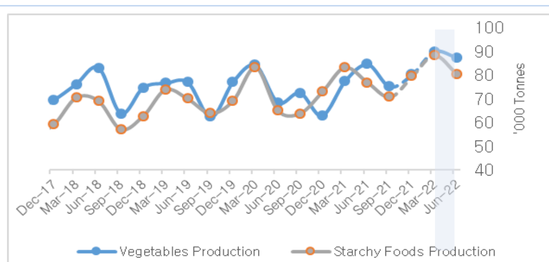
The inflation forecast reflects a lower trajectory for imported inflation due to lower grains prices and a less depreciated exchange rate for the period under review. Also, there is a lower path for agricultural prices due to improved weather conditions. The impact of these downward pressures is generally offset by the continued lagged impact of international commodity and shipping prices and sustained levels of elevated inflation expectations.

The risks to the inflation forecast are balanced. On the upside, the risks include a worsening in supply chain disruptions, higher than anticipated pass-through of imported inflation to domestic inflation and even higher commodity prices, should the Russia-Ukraine conflict deteriorate. [1] *The rebound of the economy and the demand that this brings for labour may contribute to further upward movements in wages and hence further upward movement in prices. On the downside, weaker than expected global growth could negatively impact domestic demand. There is also a risk of lower than projected imported inflation from international commodity prices given the headwinds to global growth.*

Recent Developments and Near-term Outlook

The annual point-to-point inflation rate at June 2022 was 10.9 per cent, which was in line with the outturn at May 2022 but above the upper limit of the Bank's inflation target range of 4.0 per cent to 6.0 per cent. The outturn mainly reflected an acceleration in processed food inflation. Furthermore, inflation for energy-related inflation and services accelerated due to elevated LNG prices and the continued lagged impact of higher international grains and freight costs, respectively. In this context, there were annual increases at June 2022 of 12.0 per cent, 11.0 per cent and 8.2 per cent for processed food inflation, energy & transport inflation and services inflation, respectively. This compares to annual increases in June 2021 of 8.4 per cent, 7.1 per cent and 5.3 per cent, respectively. Notably, agricultural food prices increased by 7.7 per cent at June 2022 compared to a decline of 6.5 per cent in June 2021, reflecting a strong recovery in domestic agricultural demand.

Figure 1: Vegetables and Starchy Foods Production (Tonnes)

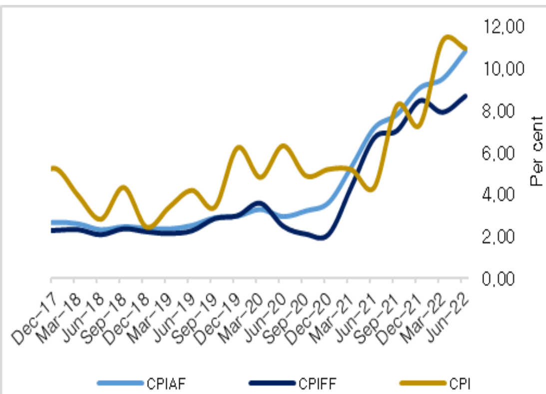


Source: MICAF & BOJ Calculations
The graph represents quarterly supply (in tonnes) for vegetables and selected starches provided by Ministry of Agriculture.

[1] Although grains and freight costs have trended down, prices remain noticeably above pre-pandemic levels.

The Bank's main measure of core inflation (inflation that excludes the immediate influence of agriculture and energy prices – referred to as CPIAF at June 2022 was 10.9 per cent, lower than the 11.5 per cent at May 2022 but above 7.2 as at June 2021 (see **Figure 2**). Core inflation was chiefly influenced by the lagged impact of elevated commodity prices such as grains on the costs of processed foods and services as well as continued elevated inflation expectations. The measure of core inflation that excludes food and fuel (CPIFF) decelerated to 8.7 per cent at June 2022, relative to 9.7 per cent at May 2022 but above 6.7 per cent for June 2021.

Figure 2: Core Inflation and CPI
(Annual per cent change)



Source: STATIN & BOJ

Inflation Outlook

Inflation is projected to average between 6.0 per cent and 8.0 per cent over the September 2022 to June 2024 quarter (next eight quarters), below the previous eight-quarter projection of 7.0 per cent to 9.0 per cent. Inflation is projected to stabilize in the range of 9.0 per cent to 11.0 per cent for the remainder of 2022 and to fall within the target range by the December 2023 quarter. Although at lower rates than were envisaged in the previous forecast, inflation will successively breach the upper limit of the Bank's target range over the next 10 to 15 months. With a decelerating trend for the next eight quarters, the path for core inflation is projected to be below the previous forecast (see **Figure 5**). This is primarily due to a lower path for international grains prices and a less depreciated exchange rate. Slightly lower inflationary impulses are expected in processed food and services, due to the moderation in imported inflation. Over the medium term (FY2024/25 – FY2027/28), inflation is projected to converge to the mid-point (5.0 per cent) of the Bank's target range, similar to the previous projections (see **Figure 3**).

The main factors underpinning the inflation forecast are as follows:

(i) Elevated inflation expectations continue to persist. In the most recent inflation expectations survey, respondents expected inflation to accelerate over the 12-month horizon, above the Bank's target range (**see Box 1**). Inflation expectations are assumed to normalise (fall) over the medium term in the context of the Bank's monetary policy actions and moderating inflation.

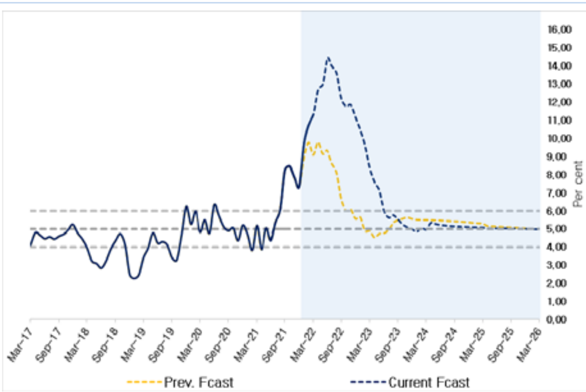
(ii) Domestic demand is forecasted to be above the previous forecast for FY2022/23, but in-line for FY2023/24 (see **Real Sector**). The output gap is projected to remain negative over the near-term (see **Real Sector**).

(iii) The inflation forecast assumes increases in selected regulated prices.

(iv) Agricultural food price inflation is projected to decelerate in the context of improved weather conditions and government support initiatives which aid supplies.

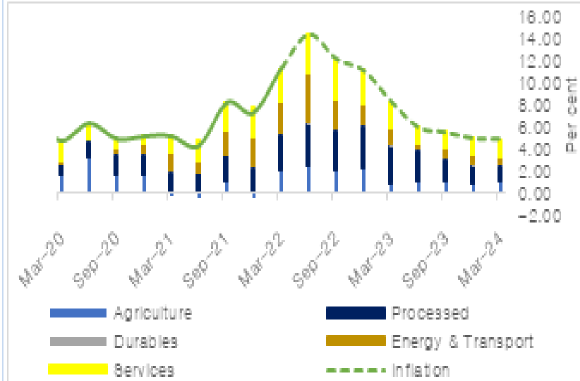
(v) Oil prices are projected to average US$93.56 per barrel for the next eight quarters compared to an average of US$96.49 per barrel in the previous projection. Over the period FY2024/25 to FY2027/28 oil prices are projected to average US$74.34 per barrel, similar to the average of US$74.45 per barrel at the previous forecast. Although some moderation has begun, freight charges are forecasted to remain above the Covid-19 pre-pandemic levels before normalizing over the next eight quarters. This is in a context of continued constraints within the shipping industry (see International Economy).

Figure 3: Monthly Comparative Headline Inflation Forecasts



Source: Bank of Jamaica

Figure 4: Component Contribution to Inflation



Source: STATIN & BOJ

Box 1: Businesses' Inflation Expectations Survey – June 2022

Overview

The Bank's Survey of Businesses' Inflation Expectations (IES) at June 2022 indicated that the one-year ahead inflation expectations was higher than the Bank's inflation target of 4.0 to 6.0 per cent. Perception of inflation control improved, relative to the previous survey. However, the majority of respondents were not aware of BOJ's inflation target as well as the most recent point-to-point inflation outturn.

Inflation Expectations

In the June 2022 survey, respondents' expectation of inflation 12 months ahead accelerated to 13.1 per cent, relative to the previous survey outturn of 12.8 per cent. Furthermore, businesses forecasted an annual point to point inflation rate at December 2022 of 12.6 per cent, which was higher than the annual point to point outturn of 10.9 per cent at June 2022 (see Figure 1 and Figure 2). (see **Figure 1a** and **b**).

Perception of Inflation Control

The index of businesses perception of inflation control improved when compared to the April 2022 survey (see **Figure 2**). This outturn reflected a decrease in the share of respondents who were "dissatisfied" with how inflation was being controlled.

Exchange Rate Expectations

In the June 2022 survey, respondents forecasted the exchange rate to depreciate at a stable pace over the six and twelve-month time horizons, relative to the previous survey (see **Table 1**).

Table 1: Exchange Rate Expectations

Question: In January 2022 the exchange rate for the Jamaican Dollar (JA$) in respect of the United States Dollar (US$) was $156.01. What do you think the rate will be for the following periods?

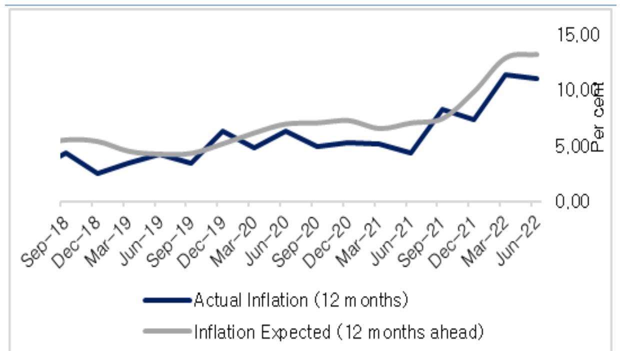
	Expected Exchange Rate Depreciation/Appreciation (%)			
Periods Ahead	Dec-21	Mar-22	Apr-22	Jun-22
3-Months	0.8	1.3	1.5	-0.1
6-Months	1.1	2.2	2.4	0.3
12- Months	1.2	3.1	3.4	1.5

Source: Businesses' Inflation Expectations Survey.
Note: The responses have been converted to percentage change.
(-) indicates an appreciation of the exchange rate
(+) indicates a depreciation of the exchange rate

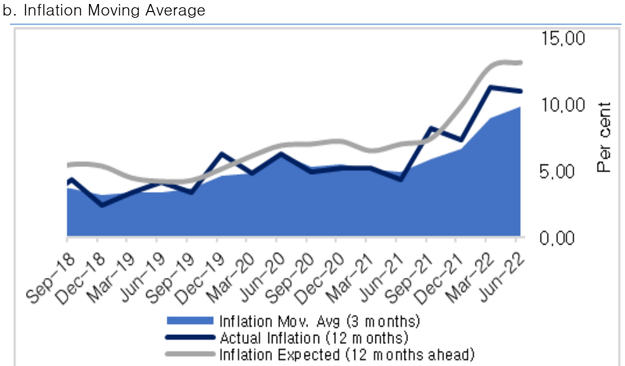
Figure 1: Expected 12-Month Ahead Inflation

Question: If you expect inflation, what do you expect the rate of inflation to be at December 2022 and over the next 12 months?

a.



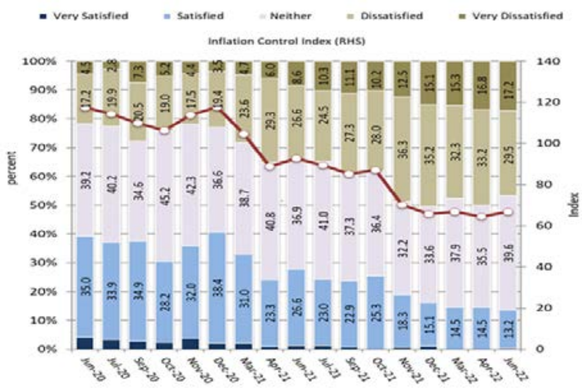
b. Inflation Moving Average



Source: Businesses' Inflation Expectations Survey

Figure 2: Perception of Inflation Control

Question: How satisfied are you with the way inflation is being controlled by the Government?



Source: Businesses' Inflation Expectations Survey.
Notes: The Index of Inflation Control is calculated as the number of satisfied respondents minus the number of dissatisfied respondents plus 100

Interest Rate Expectations

The majority of respondents forecasted the Bank's policy rate, three months ahead, to be marginally higher. The proportion of respondents of this view increased marginally, relative to the previous survey. The 90-day Treasury bill (T-Bill) yield, three months ahead was forecasted to be 5.7 per cent, relative to the 5.5 per cent in the April 2022 survey.

Inflation Target Awareness

Majority of respondents (72%) were not aware of BOJ's inflation target as well as the most recent point-to-point inflation outturn. In particular, most respondents (74%) indicated that they weren't aware of the point-to-point inflation rate as at April 2022.

Figure 5: Inflation Target Awareness

Question: Are you aware of the Bank of Jamaica's inflation target?

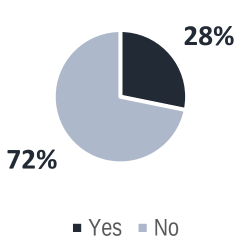
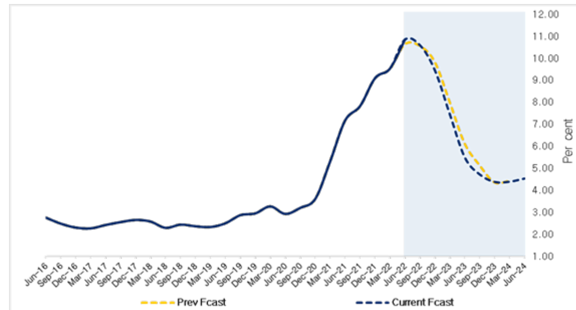


Figure 5: Comparative Core Inflation Forecasts

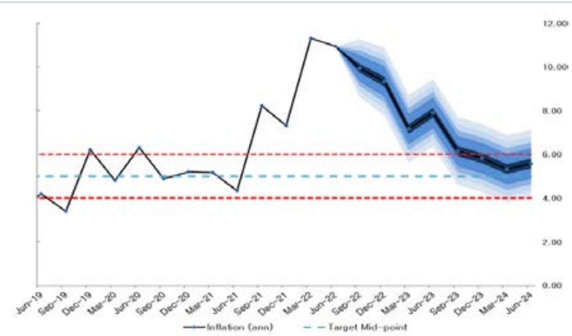


Source: Bank of Jamaica

Inflation Risks

The risks to the inflation forecast are balanced (see Figure 6). The factors that could cause higher inflation include further disruptions to international supply chains, higher than anticipated pass-through of imported inflation to domestic inflation and a reversal in the trends in commodity prices, should the Russia-Ukraine conflict deteriorate. The rebound of the domestic economy and the additional demand for labour that this brings may contribute to further upward movements in wages and hence prices. On the downside, weaker than expected global growth could negatively impact domestic demand. There is also a risk of lower than projected imported inflation from international commodity prices, given the headwinds to global growth.

Figure 6: Inflation Fan Chart



Source: Bank of Jamaica

2.0 International Economy

Over the next eight quarters (September 2022 to June 2024), global growth is projected to average 2.2 per cent, lower than the previous projection of 2.4 per cent. The global growth outlook mainly reflects persistent inflationary pressures amid ongoing geopolitical tensions between Russia and Ukraine and more aggressive more monetary policy tightening by some major central banks. Further, while supply constraints have been easing in some areas, they remain pronounced in many countries and are expected to maintain upward pressure on inflation.

The first GDP estimate by the Bureau of Economic Analysis showed that real GDP in the US declined by 0.9 per cent for the June 2022 quarter. This is following a contraction of 1.6 per cent for the March 2022 quarter. The US economy is projected to grow by 1.3 per cent in 2022 and moderate to 1.2 per cent in 2023. This growth outlook is lower than the previous projection. In this context, the output gap for the US is projected to be negative in the near term, compared to positive in the previous forecast.

The US Fed increased interest rates by 0.75 percentage point in June 2022 and indicated that additional rate hikes would be forthcoming. Bank of Jamaica anticipates that the Fed will raise interest rate in all four remaining meetings for 2022 by a total of 175 bps and enact one interest rate increase (50 bps) in 2023. In this context, yields on Jamaica's sovereign bonds are projected to rise throughout the forecast horizon, which will support an upward movement in domestic interest rates.

The projection for grains and energy prices over the next eight quarters has been revised downwards, relative to the previous forecast. In particular, WTI oil prices are projected to average US$93.56 per barrel for the next eight quarters compared to an average of US$96.49 per barrel in the previous projection. Grains prices are projected to average US$468.04 per metric tonne for the next eight quarters compared to an average of US$517.68 per metric tonne in the previous projection. The risks to the forecast for grains and energy prices are balanced.

Trends in the Global Economy

The global economy is estimated to have expanded by 2.2 per cent for the June 2022 quarter, lower than the expansion of 3.8 per cent in the March 2022 quarter. The projection for the June 2022 quarter is also below the previous forecast for growth of 2.7 per cent.[1, 2] The estimated deceleration in growth for the June 2022 quarter reflects a slowdown in a number of economies amid ongoing geopolitical tensions. Further, the impact of continued disruptions in economic activity in China amid

[1] The Bank's previous forecast included an expansion of 3.4 per cent for the global economy for the March 2022 quarter, which compares with the outturn of an expansion of 3.8 per cent.

[2] The J.P. Morgan Global Composite PMI, an index, which measures changes in total output across both manufacturing and service sectors, was 53.5 in June 2022 up from 51.3 in May 2022. Notwithstanding, after excluding China from the calculation, the index fell from 53.9 to 53.1, further highlighting how recent volatility in the Chinese economy has impacted global economic trends. A reading above 50 signifies an expansion in economic activity. Output growth improved in both the manufacturing and service sectors. New order growth eased to a near two-year low, international trade declined and business confidence declined. However, the upturn in services continued to outperform growth in the manufacturing sector. International trade flows continued to decline, as the volume of new export business contracted for the fourth consecutive month.

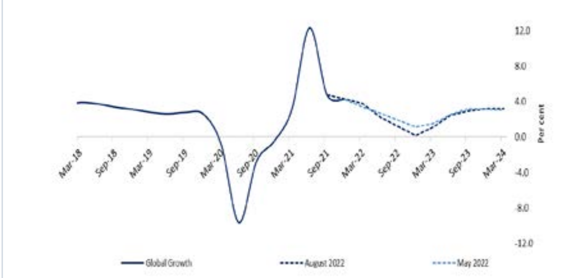
COVID-19 restrictions weighed on the global economy.

For the US in particular, the Bureau of Economic Analysis' (BEA's) advance estimate indicates that GDP for the June 2022 quarter declined on an annualized basis by 0.9 per cent, following a contraction of 1.6 per cent in the March 2022 quarter. The decline in real GDP in the second quarter primarily reflected a more moderate pace of inventory accumulation by businesses.[3]

Global growth is projected to average 2.2 per cent over the next eight quarters (September 2022 to June 2024), slower than the previous projection of 2.4 per cent (see **Figure 7**).[4] This outlook reflects the impact of the escalating conflict between Russia and Western economies, given its invasion of Ukraine.[5] Further, expectations for a slowdown in most major economies such as the US, UK, the Euro Area and China amid further inflationary pressures and more aggressive monetary policy tightening will also weigh on growth. The higher inflationary pressures are expected to weigh on consumption spending and real incomes in the coming months.

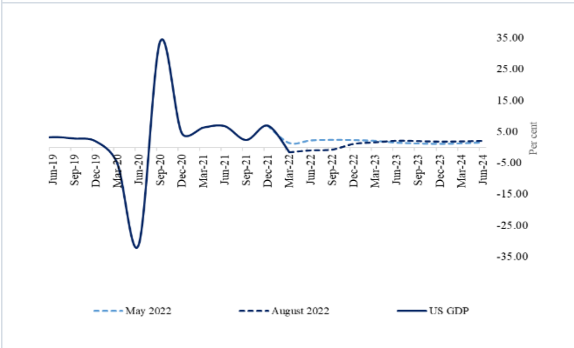
The Bank projects real output growth in the US to average 1.5 per cent for the September 2022 to June 2024 quarters, below the previous forecast of 1.7 per cent (see **Figure 8**). This pace is slower than the expected growth in potential GDP. US economic growth is projected to moderate in 2022 and 2023 to 1.3 per cent and 1.2 per cent, respectively, amid lower demand and tighter monetary conditions.[6] Notably, the impact on growth from the first infrastructure investment projects (under the IIJA programme) that is expected to commence in 2023, could be limited due to the long realization time of these projects.[7]

Figure 7: Global Growth Projection*
(Per cent year-over-year change)



Source: Bloomberg
*Bank of Jamaica's Estimate and forecast

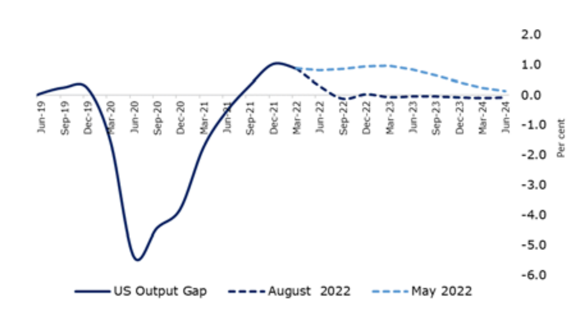
Figure 8: Comparative US GDP Growth Forecast
(Per cent change annualized)



Source: BOJ, CBO

[3] The decrease in real GDP reflected decreases in private inventory investment, residential fixed investment, government spending (federal, state and local), and non-residential fixed investment that were partly offset by increases in exports and personal consumption expenditures (PCE).
[4] The IMF in its July 2022 World Economic Outlook (WEO) reported that global growth is expected to moderate from 6.1 per cent in 2021 to 3.2 per cent in 2022, 0.4 a percentage point lower for 2022 than in the April World Economic Outlook (WEO). This largely reflects a sharper slowdown in China due to extended lockdowns, tightening global financial conditions associated with expectations of steeper interest rate hikes by major central banks to ease inflation pressure, and spill overs from the ongoing war in Ukraine and sanctions imposed on Russia. The IMF also revised downward its US GDP forecast in 2022 and 2023 to 2.3 per cent and 1.0 per cent, respectively, 1.4 pps and 1.3 pps lower for 2022 and 2023 respectively. The IMF projects global growth to remain at 2.9 per cent in 2023. This compares to the Bank's forecast for the global economy to grow 2.2 per cent in 2022 and 2.3 per cent in 2023.
[5] Of note, financial and trade links with Russia are strongest in Europe, with the region being more dependent on Russian energy.
[6] According to the US Bureau of Economic Analysis, despite the increase in the US personal savings rate during the pandemic, the rate increased to 5.4 per cent in May 2022, a marginal improvement from the previous month. Notwithstanding, rapidly rising prices will continue to reduce households' purchasing power.
[7] In November 2021, the US Congress passed a US$1.2 trillion-dollar infrastructure plan (Infrastructure Investment and Jobs Act) which is intended to deliver US$550 billion of new federal investments to America's infrastructure over five years. However, it could take months or years for many of the major projects to start. Of note, the targeted projects include roads, bridges, mass transit, rail, airports, ports and waterways.

Figure 9: US Output Gap
(Per cent of Potential GDP)



Source: BOJ, CBO

The US output gap is projected to be negative over the next eight quarters (September 2022 to June 2024) (see **Figure 9**).[8] The marginally negative US output gap reflects expectations for a slowdown in US economic activity in 2022 and 2023 as monetary conditions become less accommodative.[9, 10]

Risks

The risks to global growth are skewed to the downside. The possibility of escalating geopolitical tensions between Russia and Western economies and the imposition of more sanctions on Russia could engender new trade disruptions and exacerbate global supply shortages. Additional downward pressures will also emanate from the possibility of further lockdown measures in China. Other downside risks include a more aggressive monetary policy stance from major economies and the impact of climate change.[11]

Labour Market

The unemployment rate in the US at June 2022 was 3.6 per cent, in line with the outturn for May 2022 (see **Table 2**).[12,13] This rate was above the Bank's projection of 3.5 per cent and below the US Federal Reserve's estimate of the natural rate of unemployment of 4.0 per cent. The US unemployment rate is projected to increase over the next eight quarters.[14, 15]

Table 1: Unemployment/ Job Seeking Rate for Selected Economies (e.o.p Per Cent)

	USA*	Canada*	Euro
Mar-20	4.4	7.8	7.1
Jun-20	11.1	12.3	8.0
Sep-20	7.9	9.0	8.7
Dec-20	6.7	8.8	8.2
Mar-21	6.0	7.5	8.1
Jun-21	5.9	7.8	7.7
Sep-21	4.8	6.9	7.4
Dec-21	3.9	5.9	6.9
Mar-22	3.6	4.3	6.8
Jun-22	3.6	4.9	6.6

Source: Official statistics offices
* The job seeking rate is the percentage of the labour force actively seeking work. The rates in the table for US and Canada represent job seeking rates. Jamaica's job seeking rate was 3.8 per cent as at April 2022

[8] The Bank uses the historical output gap data reported by the US Congressional Budget Office (CBO).
[9] In June 2022, the Federal Reserve increased interest rates by 0.75 per cent, and stated that more rate hikes would be appropriate. With record-high inflation levels, and unemployment falling below the Fed's estimate of its longer-term equilibrium level, that will strongly impact the Fed's decision to implement larger rate hikes for the next few meetings than previously expected. As a result, the Fed is projected to raise interest rates faster. The projection assumes a further 175 basis points (bps) increase in the Fed policy rate for the remainder of 2022 (July – December 2022), and an increase of 50 bps in 2023.
[10] US GDP is expected to slow to 1.3 per cent and 1.2 per cent in 2022 and 2023, relative to the previous projection of 3.2 per cent and 1.9 per cent, contributing to a larger decline in the output gap for that period. The lower output gap relative to the previous forecast also reflects expectations for a slowdown in potential output growth, as the effect of past fiscal policies dissipates. Further, the higher cost due to restrictive monetary policy could limit the expansion of capital in the economy.
[11] Climate change is increasing the likelihood, severity, and costs of climate-related disasters such as floods, storms, heatwaves, and droughts.
[12] The unemployment rate of 3.6 per cent in June 2022 was marginally above the 3.5 per cent reached prior to the pandemic in February 2020.
[13] Total nonfarm payroll employment in the US increased by 372,000 in June 2022, following increases of 384,000 in May 2022 and 368,000 in April 2022. On average 375,000 jobs per month were added in the second quarter of 2022. However, employment is down 574,000 or 0.3 per cent, from its pre-pandemic level in February 2020. Average hourly earnings increased by 0.3 per cent over the month, lifting the annual rate to 5.1 per cent.
[14] The unemployment rate is projected to end FY2022/23 at 4.0 per cent, 0.4 percentage point above the rate at end-FY2021/22, and end FY2023/24 at 4.5 per cent.
[15] A continued rebound in employment growth should result in a downward pressure on the unemployment rate. Continuing jobless claims in the US, which measure unemployed people who have been receiving unemployment benefits for at least 2 weeks, was approximately 1.33 million in the week ended 02 July 2022, a decline of 3.0 per cent relative to the previous week. The four-week moving average of continuing claims declined to 1.34 million for the same period.

Monetary Policy

In June 2022, the Federal Open Market Committee (FOMC) increased its target range by 75 basis points for the US Fed Funds rate to a range of 1.50 per cent – 1.75 per cent, above the Bank's projections by 25 basis points. In light of the persistent elevated inflation levels well above the 2.0 per cent longer-run goal, and unemployment falling below the Fed's estimate of the long-term equilibrium levels, the Fed anticipates that larger increases in the Fed rate will be appropriate.[16]

The Bank anticipates that the Fed will further raise interest rates by 175 basis points (bps) for the remainder of 2022 and 50 bps in 2023.

Trading Partners' Inflation

The weighted average of 12-month inflation rates for Jamaica's trading partners' (TPs) at June 2022 is estimated at 7.9 per cent. This estimate is above the Bank's previous forecast of 6.7 per cent. For the US, annual CPI inflation at June 2022 was 9.1 per cent, above the previous forecast of 7.7 per cent.[17] The personal consumption expenditures (PCE) price index increased by 6.3 per cent on a year-on-year basis at May 2022.

Over the next eight quarters, the Bank projects the inflation rate of Jamaica's main trading partners (TP) to average 4.2 per cent, above the previous forecast of 3.8 per cent (see **Figure 10**).[18] The projection for TP inflation largely reflects upward revisions to a number of major economies amid the impact of the Russia Ukraine conflict. In particular, US inflation is projected to average 4.9 per cent over the ensuing eight quarters, above the previous forecast of 4.5 per cent (see **Figure 11**).[19] Notably, expectations for slowing demand and downward price pressures from commodities markets will eventually help to alleviate price pressures in the near term. The effect of this may be less pronounced in the Eurozone if a removal or the expected removal of Russian gas supply keeps upward pressure on natural gas prices in that region.

[16] With inflation well above 2.0 percent and a strong labour market, the Committee expects that stronger rate hikes will be appropriate at the next few meetings. The Fed's balance sheet is approximately US$9.0 trillion, which is more than twice its size pre-Covid-19 due to its asset purchases programme during the pandemic. The Fed began reducing its balance sheet in June 2022, and will continue reducing its holdings of treasury securities and agency debt and agency mortgage-backed securities as described in the plans for reducing the size of the balance sheet. The Fed's balance sheet will decline by US$95 billion per month. The cap on the value of treasury securities will rise rapidly from US$30 bn in June to US$60 bn three months later, and the cap on the value of mortgage backed securities allowed to run off will rise from US$17.5 bn in July to US$35 bn in three months' time.

[17] The annual rate of 9.1 for June 2022 was the largest 12-month increase since the period ended November 1981. The index for all items less food and energy rose 5.9 per cent over the last 12 months, marginally below the 6.0 per cent recorded in May. The food index increased 10.4 per cent while the energy index rose 41.6 per cent over the last 12 months. These represent the largest 12-month increases since the period ended February 1981 and April 1980, respectively.

[18] The inflation rate of Jamaica's main trading partners (TP inflation) for FY2022/23 is projected at 6.8 per cent, 0.8 per cent higher relative to the previous forecast.

[19] The increase in US CPI was mainly due to persistently higher prices for gasoline, shelter and food. Elevated retail gasoline prices and the continued acceleration in rent and owner's equivalent rent inflation will continue to put upward pressure on prices, as the housing component of the CPI is approximately 42.0 per cent of the basket, with owner's equivalent rent having the highest weight. However, the slowdown in commodity prices and economic growth as well as the gradual easing in supply constraints should start to contribute to weaker price pressures soon. Additionally, disruptions remain prominent in some sectors such as materials for home construction.

Box 2: Economic Growth in Selected Economies

China

The Chinese economy is estimated to have recorded an expansion of 1.5 per cent for the June 2022 quarter compared to a year ago. This pace was a deceleration relative to the growth of 4.8 per cent in the March 2022 quarter. The deceleration in the June 2022 quarter reflected strict COVID-19 policies that manifested in renewed lockdown in parts of the country. Notwithstanding, these measures were partly offset by the implementation of expansionary fiscal policies through tax relief, lending support and infrastructure projects.

GDP growth in China is projected to average 5.1 per cent over the next eight quarters, and range between 4.6 per cent to 7.1 per cent.[20]

Japan

The Japanese economy is estimated to have recorded an expansion of 3.7 per cent for the June 2022 quarter, on a quarterly annualised basis, following a contraction of 0.5 per cent in the March 2022 quarter.

For the next eight quarters, GDP growth in Japan is projected in the range of 1.1 per cent to 3.4 per cent, averaging approximately 1.6 per cent.

Canada

The Canadian economy is estimated to have expanded by 4.5 per cent for the June 2022 quarter on a quarterly annualised basis, compared to an expansion of 3.1 per cent for the March 2022 quarter.

For the next eight quarters, GDP growth in Canada is projected in the range of 1.6 per cent to 2.6 per cent, averaging approximately 1.9 per cent.

Euro Area

The Euro Area is estimated to have expanded by 0.8 per cent in the June 2022 quarter, on a quarterly annualised basis, compared to an expansion of 2.5 per cent in the previous quarter.

For the next eight quarters, GDP growth in the Euro Area is projected in the range of 2.0 per cent to 2.4 per cent, averaging approximately 2.1 per cent.

United Kingdom (UK)

The UK economy is estimated to contract by 0.4 per cent in the June 2022 quarter, on a quarterly annualised basis following an expansion of 3.0 per cent in the previous quarter.

Growth in the UK economy over the next eight quarters is projected in the range of 0.8 per cent to 1.6 per cent, averaging approximately 1.4 per cent.[21]

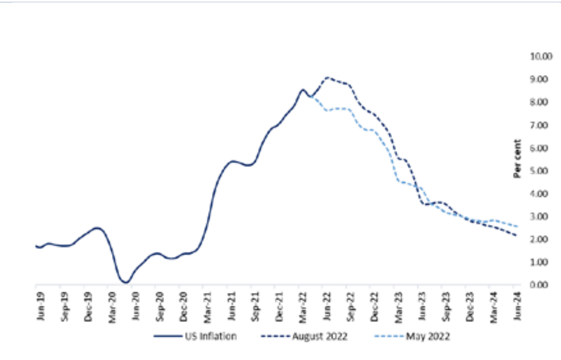
[20] Estimates for China growth represent year-over-year per cent change.

[21] The Bank of England has warned that the economic outlook for the UK has deteriorated materially.

Figure 10: Trade Weighted Trading Partners' Inflation
(12-month Per cent change)

Source: Bloomberg

Figure 11: US Inflation
(Per cent quarterly YOY change)



Source: Bloomberg

Trends in Trading Partners' Exchange Rates

During the June 2022 quarter, TP currencies generally depreciated against the US dollar, relative to the March 2022 quarter.[22, 23] The stronger US dollar primarily reflected increased appetite for safer assets amid expectations for a slowdown in growth due to tightening of monetary conditions in the US and other countries, and higher inflation expectations.

Bank of Jamaica projects that over the next eight quarters (September 2022 to June 2024), the currencies of Jamaica's major trading partners will depreciate, on average, against the US dollar (see Figure 12).[24] The US dollar will continue to be positively impacted by the Federal Reserves' programme of monetary tightening.

Figure 12: Trading Partners' Trade Weighted Exchange Rate – vis-à-vis USD, May 2013 =100

Notes: An increase in the index represents a depreciation of the US dollar, while a decline represents an appreciation of the US dollar.
Source: Bloomberg

Commodity Prices

The daily average of West Texas Intermediate crude oil prices for the June 2022 quarter increased by 15.1 per cent, relative to the March 2022 quarter.[25] Relative to the June 2021 quarter, crude oil prices increased by 64.2 per cent. The increase in crude oil prices, relative to the previous quarter, mainly emanated from investors' continued concerns about a tight global crude market amid (i) disruptions to global fuel supply due to ongoing geopolitical tensions between Russia and a number of Western economies (ii) the closure of Libya's largest oil field due to political unrest in the country, (iii) supply disruptions in Norway and Ecuador, (vi) OPEC+ members inability to fully meet country specific targets, and (vii) uncertainties about global leaders reaching an agreement with Iran to restore its oil production. However, the upward price impact from

[22]There was an average depreciation of 0.8 per cent in the exchange rate of Jamaica's trading partners vis-à-vis the USD for the June 2022 quarter, following an average appreciation of 0.1 per cent in the March 2022 quarter. This compares to the previous forecast for a depreciation of 0.2 per cent for the review quarter. The exchange rates of Jamaica's trading partners vis-à-vis the USD depreciated, on average, by 1.7 per cent in the June 2022 quarter relative to a year prior.

[23] On a monthly basis, the currencies of Jamaica's major trading partners, on average, depreciated by 0.2 per cent, 0.8 per cent and 0.2 per cent in April, May and June 2022, respectively. The US dollar outturn for the June 2022 quarter occurred in the context of tighter monetary conditions in the US.

[24] Currencies of Jamaica's main trading partners are expected to depreciate on average by 0.1 per cent against the US dollar.

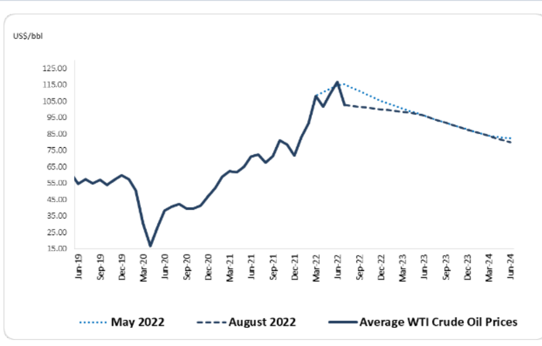
[25] In the previous projection, the Bank expected the daily average of West Texas Intermediate crude oil prices for the June 2022 quarter to increase by 19.5 per cent, relative to the March 2022 quarter.

these developments was partly offset by concerns about a global economic slowdown and the appreciation of the US dollar, which reduced investors' appetite for US dollar-denominated commodities.

The projected path for crude oil prices over the near term (September 2022 to June 2024) is below the previous forecast. Oil prices are projected to average US$93.56 per barrel for the next eight quarters compared to an average of US$96.49 per barrel in the previous projection. This forecast trajectory reflects an average quarter-over-quarter decline of 3.5 per cent, compared to the average quarterly decline of 3.7 per cent previously anticipated (see **Figure 13**).

For the September and December 2022 quarters, crude oil prices are projected to average US$102.20 per barrel (5.8 per cent decline for the quarter) and US$100.67 per barrel (1.5 per cent decline for the quarter), respectively, which compares to quarterly averages of US$113.40 and US$107.38 in the previous projection. The projected decline in crude oil prices for the September 2022 quarter is underpinned by expectations that demand will slow as major economies continue to tighten monetary policy along with lingering coronavirus concerns. Additional downward price pressures are expected to emanate from increased crude production by the US and other OPEC member countries.

Figure 13: Trend in Average WTI Crude Oil Prices



Sources: Bloomberg, BOJ

For the June 2022 quarter, US LNG prices increased amid high demand in the US as well as an increase in external demand.[26] However, towards the end of the quarter, prices trended downwards mostly due to a build-up in fuel inventories at the Texas Freeport plant.

For the September 2022 to December 2023 quarters, US LNG prices, on average, are projected to remain relatively high, but should continue its downward trajectory as factors restricting supply abate (see **Figure 14**).[27] It is expected that the electric power-sector use of natural gas will remain strong, keeping upward pressure on prices, particularly in the case of a significant heat wave. Moreover, the Henry Hub spot price is forecasted to decline to an average of US$4.76 per million British thermal units (MMBtu) in 2023 from a projected average of US$6.00/MMBtu in 2022.[28]

Figure 14: Trend in Average LNG Prices

Sources: Bloomberg, BOJ

The risks to the forecast for oil prices over the next eight quarters are balanced. Upward price pressures may emanate from the inability of OPEC member countries to meet production targets. The US and its allies may also impose further economic sanctions on Russia adding to uncertainties in the global economy. The hurricane season presents weather-related risks to most of US refining capacity, which is concentrated along the US Gulf Coast, particularly in Texas and Louisiana. Downside risks include the possibility for slower global growth, and possibility for a further increase

[26] Upward price pressures emanated from increased export demand from Europe and Asia amid the ongoing energy crisis in these regions. Of note, accelerated LNG prices in Europe and Asia has kept the demand for US LNG exports strong. Consequently, on the supply side, US production have increased, and is expected to rise further, however, prices are expected to remain elevated in the near term.

[27] The document uses the latest LNG forecast from EIA.

[28] The forecast is higher than the 2021 average of US$3.72/MMBtu.

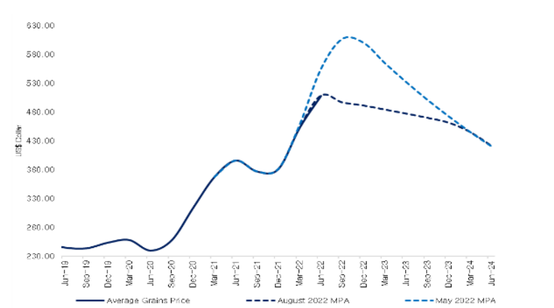
in supply from the US as well as OPEC and its allies. Additional downside risks include the lifting of sanctions by the US on Iran and Venezuela's oil industries, which would partly ameliorate supply conditions. Notwithstanding, sufficient production from these plants would take some time to materialize.

The risks to the forecast for LNG prices over the next eight quarters are balanced. This is due to the expectations for higher domestic and export demand for LNG offset by a continued build in US inventories.

Average grains prices for the June 2022 quarter increased by 12.2 per cent, relative to the March 2022 quarter (an increase of 28.4 per cent on an annual basis).[29] The increase over the quarter was associated with higher prices for corn (13.7 per cent increase for the quarter, 18.8 per cent increase on an annual basis), soybean (9.7 per cent increase for the quarter, 17.6 per cent increase on an annual basis) and wheat (15.3 per cent increase for the quarter, 62.1 per cent increase on an annual basis). The increase in average grains prices continue to reflect the ongoing conflict between Russia and Ukraine. Additional upward price pressures emanated from (i) elevated oil prices, (ii) India's ban on wheat export, following a heatwave that reduced harvest prospects, (iii) expectations for dry weather conditions in the US Mid-west planting regions, and (iv) a Russian missile strike on a Ukrainian grain terminal in the port city of Mykolaiv.[30] Notwithstanding, downward price pressures emanated from lower demand amid COVID-19 restrictions in China. Moreover, concerns regarding a global economic slowdown and beneficial rains in the US Midwest towards the end of the quarter dampened prices.

The average price of grains is projected to decline at an average quarter over quarter rate of 2.3 per cent over the next eight quarters (September 2022 to June 2024).[31] Prices are projected to decline as the global economy continues to slow along with increased production from the US and other key growing areas.[32] Notwithstanding, high energy prices are expected to keep agricultural production costs above their historic average in the short run. Of note, the average price of grains over the September 2022 and December 2022 quarters is projected to decline at a quarter over quarter rate of 2.3 per cent and 1.1 per cent, respectively (see Figure 15).

Figure 15: Trend in Average Grains Prices



Sources: Bloomberg, BOJ

Aluminium prices for the June 2022 quarter declined by 10.5 per cent, relative to the March 2022 quarter (an increase of 21.0 per cent on an annual basis).[33] The aluminium market was negatively impacted by weaker-than-expected demand from China due to COVID-19 restrictions and downward pressures from its real estate sector.

The average price of aluminium is projected to decline at an average quarter over quarter rate of 2.8 per cent over the next eight quarters (September 2022 to June 2024).[34] Aluminium prices are projected to decline as the global economy slows

[29] The Bank projected an increase of 21.2 per cent for the June 2022 quarter, relative to the March 2022 quarter.

[30] Grains prices are influenced by energy prices which increases the cost of production, transportation and storage of grains.

[31] The previous forecast assumed an average quarter over quarter decline of 3.3 per cent over the September 2022 to June 2024 quarter.

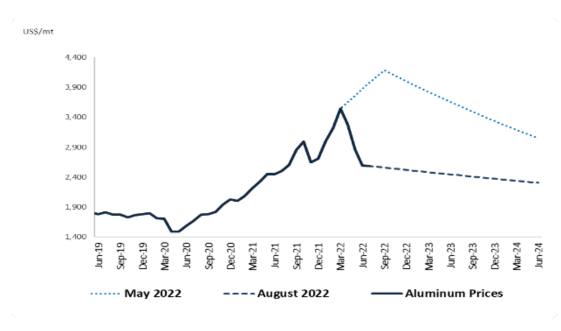
[32] Turkey and the United Nations brokered an agreement with Russia and Ukraine in late July 2022 to reopen grain and fertiliser exports through the Black Sea. Grain shipments from Ukraine's port of Odesa resumed on 01 August 2022, the first since Russia invaded its neighbour in late February 2022.

[33] The Bank projected an increase of 15.6 per cent for the June 2022 quarter, relative to the March 2022 quarter.

[34] This compares to an average quarter-over-quarter increase of 8.7 per cent in the previous projection.

further and the US dollar continues to strengthen (see **Figure 16**).

Figure 16: Trend in Average Aluminium Prices



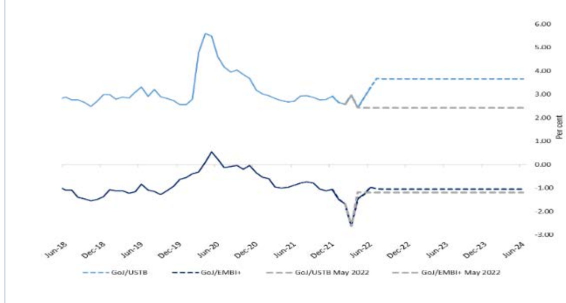
Sources: Bloomberg, BOJ

External Financial Markets

GOJ's sovereign bond spreads over the June 2022 quarter deteriorated when compared to US Treasuries and the EMBI+. The average of the daily spreads between the indicative yield on Government of Jamaica global bonds (GOJGBs) and the yield on US Treasury Bills as well as the average of the daily spreads between the indicative yield on GOJGBs and the yield on the EMBI+ deteriorated (increased) by 13 basis points (bps) and 70 bps, respectively, when compared to the same measure for the March 2022 quarter.[35] For the June 2022 quarter, the average of the daily spreads between the indicative yield on GOJGBs and the yield on US Treasury Bills was projected to decline by 29 bps, while the average of the daily spreads between the indicative yield on GOJGBs and the yield on the EMBI+ was projected to increase by 75 bps (see **Figure 17**).[36,37]

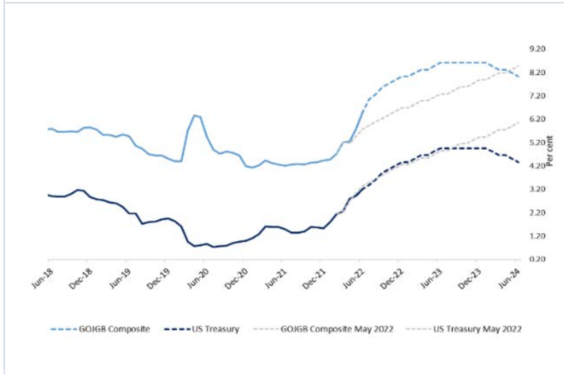
There were respective increases of 91 bps, 34 bps and 104 bps in the average yields on US Treasuries, EMBI+ and GOJGBs, respectively (see **Figure 18**).

Figure 17: Average International Bond Spreads
(Per cent)



Sources: Bloomberg,

Figure 18: Average International Bond Yields
(Per cent)



Sources: Bloomberg,

Jamaica's sovereign bond yields are projected to rise in the September 2022 quarter through to January 2024 then decline thereafter. In particular, bond yields are forecasted to rise due to projected increases in the US Federal Funds rate.

Global Stock Market

The performances of selected global stock market indices during the June 2022 quarter were weak. Relative to the March 2022 quarter, the Dow Jones Industrial Average (DJIA), S&P 500 Euro First and FTSE declined by 11.3 per cent, 16.4 per cent, 10.0 per cent and 4.6 per cent, respectively. This was the

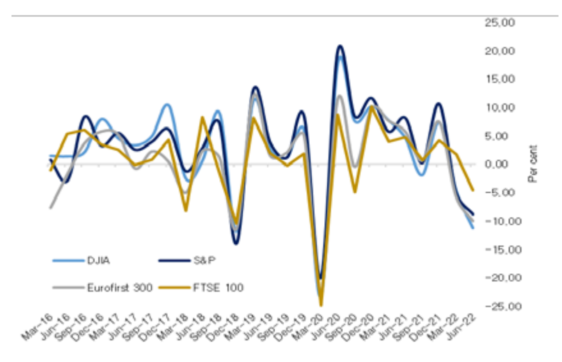
[35] For the quarter, relative to the US Treasury Bill yields and EMBI+, these spreads were 286 bps and negative 122 bps, respectively.

[36] The war between Russia and Ukraine has led to significant downward revisions to a number of emerging markets bond indices. In addition to the war, frequent and wider-ranging lockdowns in China, including in key manufacturing hubs, contributed to a slowing of activity in that country.

[37] The spread for the June 2022 quarter relative to the US Treasury Bill yields and the EMBI+ were projected to be 243 bps and negative 118 bps, respectively.

biggest quarterly loss for these indices since the onset of the pandemic in March 2020, (see Figure 19). Equity indices were negatively impacted by concerns about a slowdown in the US economy amid expectations for tighter monetary policy conditions as well as elevated inflationary pressures. Notwithstanding, the US equity indices were positively impacted by the easing of commodity prices in June 2022 and reports of unemployment levels below the Fed's longer run equilibrium target. The outturn for the Eurozone and UK equity indices reflected investor concerns regarding persistently high inflation levels due to continued supply constraints and the ongoing Russia-Ukraine conflict. Equity markets were also negatively impacted by a decline in consumers' confidence and expectations for the European Central Bank to increase interest rates in July 2022.

Figure 19: Selected Stock Market Indices
(Quarter-over-Quarter Per cent)



Source: Bloomberg

3.0 Real Sector

Domestic economic activity is estimated to have grown in the range of 2.5 per cent to 3.5 per cent in the June 2022 quarter. Real GDP is projected to grow the range of 2.5 per cent to 4.5 per cent, 1.0 per cent to 3.0 per cent and 0.5 per cent to 2.5 per cent, respectively, for FY2022/23, FY2023/24 and FY2024/25. The projected growth for FY2022/23 is above the previous assessment, chiefly reflecting upward revisions to the growth for Hotels & Restaurants and Wholesale & Retail Trade. Higher growth is also expected for Agriculture, Forestry & Fishing, Transport, Storage & Communication as well as Construction.

Over the medium term (FY2024/25 – FY2027/28), GDP growth is projected to average 1.0 per cent, which is in line with the previous projection. This is in a context where inflation is expected to be within the target range over the medium term. The risks to the forecast for real GDP growth are assessed to be skewed to the downside.

GDP Growth

The Jamaican economy is estimated to have grown in the range of 2.5 per cent to 3.5 per cent for the June 2022 quarter, a faster pace of growth relative to the previously projection for growth of 1.5 per cent. The estimated growth for the June 2022 quarter reflects continued recovery in economic activity from the adverse impact of COVID-19 in 2020.

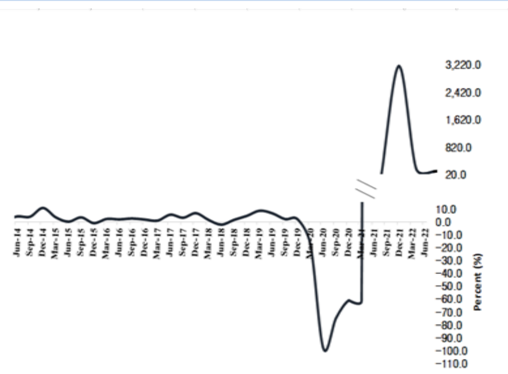
Aggregate Supply

For the June 2022 quarter, growth is estimated in all industries except *Mining & Quarrying.* The estimated growth mainly reflected increased value added in *Hotels & Restaurants, Transport, Storage & Communication, Other Services, Wholesale & Retail Trade* and *Agriculture, Forestry & Fishing.*

For *Hotels & Restaurants* the estimated growth for the June 2022 quarter is premised on an estimated increase in foreign national arrivals (see **Figure 20**). The increase in foreign national arrivals largely reflects the addition of flights to Jamaica by carriers relative to a year ago and the removal of COVID-19 restrictions by the Government.

The estimated increase for *Transport, Storage & Communication* for the June 2022 quarter is primarily due to the growth in the number of airport and cruise passenger arrivals into Jamaica, as well as an increase in both public passenger and auxiliary transport services. This is partly offset by a decline in the movement of cargo at the out ports.

Figure 20: Trend in Visitor Days (12-Month Per cent change)



Source: BOJ and Jamaica Tourist Board

For the review quarter, the estimated increase in *Wholesale & Retail Trade* was mainly driven by higher output levels in Agriculture, Manufacture and Construction. Additionally, the indicator proxying activities within the industry, tax revenue within

Wholesale and Retail Trade suggested growth in the quarter, relative to the corresponding quarter of 2021.

Value added for *Agriculture, Forestry & Fishing* is estimated to have grown in the quarter. This increase reflected growth in domestic crop production due, in part, to favourable weather conditions and increased demand from the tourism industry. In addition, growth in animal farming is also anticipated.

Table 3: Industry Contribution to Growth (June 2022 Quarter)

	Contribution*	Estimated Impact on Growth
GOODS	-20.3	-2.5 to -1.5
Agriculture, Forestry & Fishing	10.8	3.5 to 4.5
Mining & Quarrying	-41.5	-67.0 to -66.0
Manufacturing	6.0	1.5 to 2.5
Construction	4.4	1.5 to 2.5
SERVICES	120.3	4.5 to 5.5
Electricity & Water Supply	1.4	0.5 to 1.5
Wholesale & Retail Trade, Repairs & Installation	26.5	4.0 to 5.0
Hotels & Restaurants	55.1	39.5 to 40.5
Transport Storage & Communication	22.9	6.0 to 7.0
Financing & Insurance Services	3.5	0.5 to 1.5
Real Estate, Renting & Business Activities	4.3	0.5 to 1.5
Producers of Government Services	0.4	-0.5 to 0.5
Other Services	11.8	7.0 to 8.0
Financial Intermediation Services Indirectly Measured	5.5	2.5 to 3.5

* The negative value indicates the negative contribution of the industries to the quarter.
Source: Bank of Jamaica

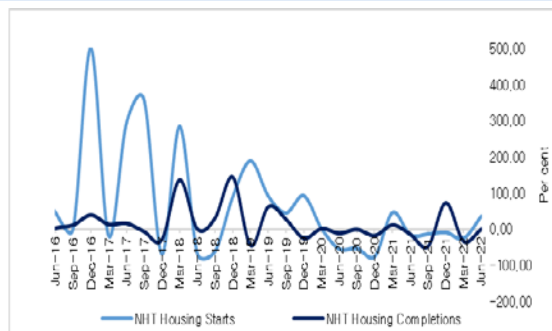
Construction is estimated to have grown for the review quarter. This performance was primarily driven by an increase in building construction, in particular residential construction (see **Figure 21**). In addition, real growth in construction tax revenue compared to a year ago, particularly retail sale of hardware, paint and glass, supports the performance of the industry.

Electricity & Water Supply is estimated to have grown for the review quarter, relative to the corresponding quarter of 2021. This increase reflected a rise in electricity consumption (proxied by total electricity sales), partly offset by a decline in water consumption. The growth in the industry during the period was mainly driven by higher consumption by schools and business entities.

The expansion in *Manufacture* for the review quarter largely reflected growth in Food, Beverages & Tobacco sub-industry. Food, Beverages & Tobacco is estimated to have grown largely on account of increases in the production of poultry meat, bakery products and beverages (alcoholic and non-alcoholic).

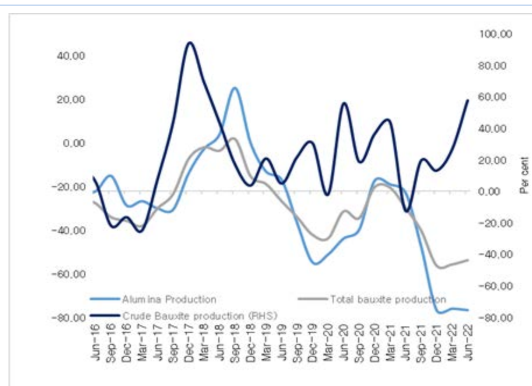
Mining & Quarrying is estimated to have declined for the June 2022 quarter. The estimated reduction reflected declines in both alumina and bauxite production which adversely impacted capacity utilisation (see **Figure 22**).

Figure 21: National Housing Trust Housing Starts & Completion (12-Month Per cent change)



Source: The National Housing Trust

Figure 22: Trends in Crude Bauxite, Alumina & Total Bauxite Production (12-Month Per cent Change)



Source: Jamaica Bauxite Institute

Given the above changes, both the tradable and non-tradable industries are estimated to have expanded. The increase in the tradable industry was largely due to improvements in *Hotels & Restaurants, Transport, Storage & Communication* and *Agriculture*. The growth in the non-tradable industry was mainly attributed to *Wholesale & Retail Trade, Other Services* and *Construction* .

Aggregate Demand

From the perspective of aggregate demand, there are also indications of a faster pace of growth for the June 2022 quarter. This estimate reflects stronger improvements in net exports and consumption relative to the previous forecast. [1] The greater improvement in net exports relative to the prior projection is due to higher exports, particularly travel inflows, partly offset by higher imports, specifically, non-fuel raw materials and consumer goods (see **Balance of Payments**). Growth in investment is estimated to be below prior projections, reflecting a slower pace of increase in foreign direct investment (FDI) and a greater contraction in total government expenditure.

In the context of the continued growth in GDP for the June 2022 quarter, Bank of Jamaica estimates a negative output gap for the quarter, which is above the previous projection. This estimated output gap is narrower than the negative gap for the March 2022 and June 2021 quarter.

Labour Market Developments

Jamaica's unemployment rate (UR) at April 2022 was at a historic low at 6.0 per cent, 3.0 percentage points (pps) and 0.2 pp lower than the rate at April 2021 and January 2022, respectively. The decline in the UR at April 2022 reflected an increase of 5.2 per cent (63 300) in the number of persons employed and a growth of 1.9 per cent (24 900) in the labour force, which facilitated an increase in the participation rate by 1.1 pp to 64.4 per cent. Notwithstanding the low unemployment rate, the total labour force remains below the level attained before the pandemic, due primarily to the number of persons outside the labour force. Consequently, the participation rate remains low, relative to the outturn of 65.8 per cent in the January 2020 survey.

Bank of Jamaica projects that labour market conditions will further improve over the next eight quarters. In this regard, the average unemployment rate over the September 2022 to June 2024 quarters is projected to decline to 5.9 per cent. This represents an improvement in the unemployment rate, relative to the prior projection of 6.0 per cent and the average rate of 6.9 per cent for the past year. On average, the employed labour force is projected to grow by 2.1 per cent, a faster pace of growth relative to the previous projection of 1.7 per cent for the near term. Also, the labour force is projected to grow at a slightly faster average rate of 1.7 per cent, relative to the previous forecast of 1.6 per cent.

The anticipated decline in the unemployment rate, particularly over the next four quarters is faster than in the previous projection.

Outlook

From the perspective of aggregate supply, over the September 2022 to June 2024 quarters, growth is anticipated in *Mining & Quarrying*, *Hotels & Restaurants*, *Other Services*, *Transport, Storage & Communication*, *Wholesale & Retail Trade, Agriculture*, *Forestry & Fishing, Manufacture and Construction.* The projected growth in *Mining & Quarrying* reflects the resumption of production at the Jamalco alumina plant. The anticipated growth in *Hotels & Restaurants* and *Other Services,* though lower relative to previous projection, reflects the continued improvement in the number of flights and cruise ships coming into the Island.[2] For *Transport, Storage & Communication*, the growth is predicated on the increase in water-based and air-based

[1] For the June 2022 quarter, the higher estimated growth in real private consumption is underpinned by a faster pace of growth in real private spending, a slower pace of decline in real remittances and growth in real personal loans relative to a projected decline.

[2] The lower forecast for Tourism and its allied services relative to the May 2022 assessment mainly reflects the lower than previously forecasted US GDP.

domestic and international travel. With regard to *Wholesale & Retail Trade,* the anticipated increase reflects growth in agriculture, manufacture and construction industries. Improvement in *Agriculture, Forestry & Fishing* is anticipated given the forecasted greater demand from tourism, increased investments in traditional crop production and various initiatives by the Government to assist the industry. In addition, the growth of *Manufacture* is largely predicated on increased food and beverage production, in the context of the anticipated improvements in other sectors such as tourism. With regard to *Construction*, although moderating, the growth is premised on a projected increase in spending on residential and commercial construction.

Real GDP growth over the near-term (September 2022 to June 2024 quarters) has been revised downward relative to the previous forecast.[3] This revision mainly reflects lower growth for Hotels *& Restaurants, Other Services, Transport Storage & Communication, Finance & Insurance and Electricity & Water*. Real GDP is projected to trend at an average rate of 2.6 per cent over the September 2022 to June 2024 quarters which is above the average growth rate of 1.3 per cent for potential output over the forecast horizon.[4] In this context, GDP growth in the range of 2.5 to 4.5 per cent and 1.0 to 3.0 per cent is projected for FY2022/23 and FY2023/24, respectively. The projected growth in the economy largely reflects the normalization of economic activity, partly offset by weaker external demand (see International Economy).

Over the medium term (FY2024/25 – FY2027/28), GDP growth is anticipated to average 1.0 per cent, which is generally in line with the previous projection. This suggests that over the medium term potential output growth is in line with the previous assessment of 1.0 per cent (Box 3: Potential Output).

The forecasted growth over the medium term reflects the rebound of the mining industry due to an improvement in the capacity utilization at the Jamalco plant, given the upgrade of the plant's equipment. In addition, continued improvement is anticipated in tourism and allied industries such as recreational and entertainment services. Higher investment in agriculture, in particular the Production Incentive Programme, is forecasted to provide additional impetus for growth.[5]

[3] The previous 8-quarter forecast, which included the June 2022 quarter, was 2.8 per cent. However, the current projection of 2.7 per cent is below the previous 8-quarter forecast of 3.0 per cent for the September 2022 to June 2024 period.

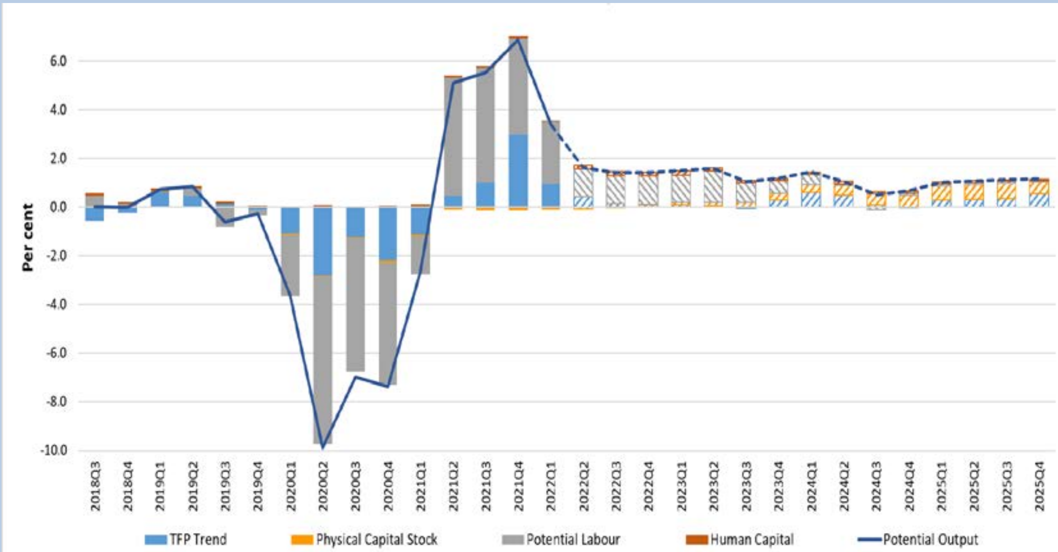
[4] The previous projection for the average growth in potential output over the near-term is 1.0 per cent.

[5] The Production Incentive Programme initiated by Ministry of Agriculture, Forestry& Fisheries aims to increase and sustain agricultural production to meet market demand. The programme targets the development of nine (9) crops to include: yam, ginger, dasheen, hot pepper, Irish potatoes, onion, strawberry and cassava. The objective of solar-powered pump station project is to reduce the energy bill for pumping irrigation water to farmers. This upgrade, is projected to be reduce the JPS bill by 20 per cent or some $9 million annually.

Box 3: Potential Output

Jamaica's potential output is estimated to have increased by 1.6 per cent for the June 2022 quarter, which is below the growth of 5.1 per cent and 3.4 per cent, respectively, for the June 2021 and March 2022 quarters (see **Figure 1**).[6]

Figure 1: Year-Over-Year Growth in Potential Output and its Components



Contributions to Potential Output Growth[7]

The estimated expansion in potential output for the June 2022 quarter reflects increases in potential labour supply, total factor productivity and human capital, partly offset by a reduction in the potential physical capital stock (see **Figure 1**). Potential labour supply is estimated to have grown by 1.1 per cent for the quarter, a slower pace relative to the March 2022 quarter and below the estimated growth in the June 2021 quarter.[8] Total factor productivity is estimated to have increased by 0.4 per cent for the quarter. The potential capital stock is estimated to have declined by 0.1 per cent, which is a slower pace of contraction relative to the declines recorded for the June 2021 and March 2022 quarters.

Outlook for Potential Output

Potential output is forecasted to increase at an average rate of 1.2 per cent over the September 2022 to June 2024 quarters (near-term). Potential labour supply and total factor productivity are the main driving force in the growth of potential output over the near-term, growing at an average rate of 0.7 per cent and 0.2 per cent, respectively. Similarly, potential physical capital stock and potential human capital are projected to grow by 0.2 per cent and 0.1 per cent over the review period, respectively.

The anticipated improvement in potential labour supply stems from projected increases in the

[6] Estimated year-over-year quarter growth of potential output growth over the period 1998 to 2018 averaged 0.6 per cent, compared with the average year-over-year growth of 0.9 percent for the pre-crisis period of 1998 to 2008.

[7] The production function approach allows for the computation and examination of the contribution of the underlying factor inputs in the economy responsible for driving the potential GDP growth. The key factors of production considered in the production function approach are capital and labour, and their productivity (total factor productivity, TFP). Changes in the underlying factors gives an indication of the structural changes in Jamaica's economy over time.

[8] Labour market conditions in the economy continues to improve as evidenced by the last 3 labour market surveys (October 2021, January 2022 and April 2022 survey) as the unemployment rate continues to decline quarter to quarter. As a result, potential labour supply growth for the June 2022 quarter was driven by increases in potential labour force participation rate, potential average hours worked and to a lesser extent potential working age population.

potential labour force participation rate as well as improvements in potential average hours worked per person (weekly). Over the near-term, both the growth in potential labour force participation and potential average hours worked are projected to average 0.3 per cent and 0.4 per cent , respectively.

Over the medium-term, potential output is projected to grow, on average, at 1.0 per cent. Growth in potential output is forecasted to be largely influenced by a faster pace of growth in physical capital, while slower growth in total factor productivity and potential labour are anticipated. Growth in human capital is in line with previous projections.

4.0 Fiscal Accounts

For the June 2022 quarter, Central Government's operations recorded a fiscal surplus of $1.7 billion (0.1 per cent of GDP), relative to the surplus of $9.7 billion (0.4 per cent of GDP) for the June 2021 quarter. The fiscal outturn for the review period reflected lower Revenue & Grants, in particular non-tax revenue as well as lower expenditure, relative to the corresponding period of 2021. The lower expenditure was reflected mainly in programmes and capital spending.

Recent Developments

For the June 2022 quarter, Central Government's operations recorded a fiscal surplus of $1.7 billion (0.1 per cent of GDP), relative to the surplus of $9.7 billion (0.4 per cent of GDP) for the June 2021 quarter. The fiscal outturn for the review period reflected lower Revenue & Grants, in particular non-tax revenue as well as lower expenditure, relative to the corresponding period of 2021. The lower expenditure was reflected mainly in programmes and capital spending.

The performance of Revenue & Grants for the June 2022 quarter, was mainly attributable to lower non-tax revenue partly offset by higher tax revenue. The lower non-tax revenue was driven primarily by lower dividend transfer from the BOJ as well as lower miscellaneous revenue.[1] In contrast, the higher tax revenues emanated from most categories, particularly income & profits and production & consumption which were partly offset by lower inflows from international trade.[2]

With the exception of programmes and capital spending, all other areas of expenditure were generally in line for the review quarter.[3] The decline in programmes and capital spending largely reflected procurement delays and lower inflows for the Southern Coastal Highway Improvement Programme (SCHIP) relative to June 2021, respectively.

The financing requirement for Central Government for the June 2022 quarter was $17.1 billion (0.7 per cent of GDP) reflecting the fiscal surplus of $1.5 billion (0.1 per cent of GDP) and amortization of $18.6 billion (0.7 per cent of GDP).

Financing during the quarter was sourced from external loans and domestic receipts of $7.3 billion (0.3 per cent of GDP) and $10.0 billion (0.4 per cent of GDP), respectively. Domestic loans reflected Treasury bill issuances and BIN issuances amounting to $4.5 billion (0.2 per cent of GDP) and $5.5 billion (0.2 per cent of GDP), respectively. External loan receipts amounted to US$47.5 million (0.3 per cent of GDP) from multilateral agencies for investment projects.

Amortization for the June 2022 quarter mainly reflected external amortization, which included payments of US$53.6 million (0.3 per cent of GDP) and US$3.4 million (0.02 per cent of GDP) to multilateral and bilateral lending agencies, respectively. In addition, there were contingency

[1] In April 2021, BOJ made dividend payments of $32.6 billion to GOJ.

[2] The higher income & profits was due mainly to PAYE and tax on interest attributable to wage increases and lower payment of refunds, respectively . With regards to production & consumption, the increase was attributable to greater inflows from GCT (local) reflecting increased economic activity . For international trade receipts, the declines reflected lower inflows from GCT (imports) and custom duty primarily driven by lower imports.

[3] Programme spending though lower as a percentage of GDP was greater nominally for the June 2022 quarter. In this regard, programmes amounted to $64.4 billion for the June 2022 quarter relative to $63.1 billion for the June 2021 quarter.

payments of US$6.0 million (0.04 per cent of GDP). There were also domestic maturities of two Benchmark Investment Notes amounting to $4.0 billion (0.2 per cent of GDP) and Treasury bills of $4.9 billion (0.2 per cent of GDP), respectively. Against this background, there was a build-up of $2.0 billion (0.1 per cent of GDP) in Central Government bank balances.[4]

Table 3: Summary of Fiscal Operations
(per cent of GDP)

	Quarter		
	Jun-22	Jun-21	Diff
Revenue & Grants	**6.7**	**7.6**	**(0.8)**
o/w Tax Revenue	**6.2**	**5.7**	0.6
Non- Tax Revenue	0.4	1.8	(1.4)
Grants	0.0	0.0	0.0
Expenditure	**6.6**	**7.1**	**(0.5)**
Programmes	2.4	2.7	(0.3)
Compensation of Employees	2.6	2.6	0.0
Interest Payment	1.1	1.1	0.0
Capital Expenditure	0.5	0.8	(0.3)
Fiscal Surplus/Deficit	**0.1**	**0.4**	**(0.4)**
Primary Balance	**1.1**	**1.5**	**(0.3)**
Current Balance	**1.1**	**1.1**	0.0
Total Financing	**0.7**	**1.5**	(0.9)
External Loans	0.3	0.7	(0.4)
Domestic Loans	0.4	0.8	(0.4)
Other Inflows	**0.1**	**0.0**	0.0
Other Outflows	**0.0**	**0.2**	(0.2)
Amortisation	**0.7**	**1.9**	(1.2)
External	0.4	0.5	(0.1)
Domestic	0.3	1.4	(1.1)
Overall Balance	**0.1**	**(0.1)**	**0.1**
Source: Ministry of Finance & the Public Service			

[4] The increase in bank balances was also supported by net inflows of $2.0 billion.

5.0 Balance of Payments

The current account (CA) of the balance of payments (BOP) for FY2021/22 is estimated to have improved to a deficit of 1.0 per cent of GDP from a deficit of 1.1 per cent of GDP in FY2020/21. This estimate is mainly based on higher remittance inflows and increased travel related expenditure for the fiscal year partly offset by higher imports and investment income outflows. The CA is projected to deteriorate over FY2022/23 and FY2023/24 to deficits in the range of 2.0 per cent to 3.0 per cent of GDP, before improving over the medium-term. Relative to the previous forecast, the projected current account deficit (CAD) is higher over the September 2022 to June 2024 quarters by an average of US$25.2 million per quarter. This variance is largely underpinned by a higher deficit on the merchandise trade balance and a deterioration in the services account partially offset by an improvement on the current transfer and income sub-accounts. Over the medium term (FY2024/25 to FY2027/28) the CAD is forecasted to average 1.8 per cent of GDP, relative to the previous projection of 0.5 per cent of GDP.

Reserves are anticipated to be above the ARA 100% benchmark over the medium term forecast periods. The risks to the projections for the CAD are balanced. The main downside risks (lower deficit) relates to a weaker than expected decline in remittance inflows. The main upside risks (higher deficit) to the CAD relates to higher exceptional imports from infrastructure activities and tourism-related projects, and lower visitor arrivals. The risks to reserves are also balanced. The main upside risk to the reserves stems from the possibility of higher than forecasted private capital inflows in the context of a slower than anticipated pace of normalization for remittances inflows. The main downside risk relates to higher than forecasted private capital outflows due to the Fed's monetary policy actions.

Recent Developments

The current account deficit (CAD) of Jamaica's balance of payments for the March 2022 quarter is estimated at US$333.1 million (2.2 per cent of GDP), US$282.5 million higher (worse) than the outturn recorded for the December 2021 quarter. This deterioration was reflected in the merchandise trade balance, income sub-account and current transfers, partially offset by an improvement in the services sub-account.

Relative to the Bank's previous projection, the current account deficit for the March 2022 quarter was higher (worse) by US$202.6 million. The variance in the CA was largely underpinned by a deterioration in the merchandise trade balance, income and services sub-accounts, partially offset by improvements on the current transfers sub-account. For the merchandise trade balance, exports were below projection by US$17.0 million while imports were higher by US$167.4 million.[1] The deficit on the income account was US$17.9 million higher than projection due to higher direct investment outflows. The surplus on the services sub-account was US$1.9 million below projection due to higher overseas travel partially offset by lower transportation outflows. Current transfers were marginally above previous projections by US$1.7 million underpinned by higher general government inflows.

[1] Imports c.i.f were above projection primarily due to higher imports of consumer goods, fuel, raw materials and capital goods of US$69.5 million, US$60.9 million, US$40.7 million and US$4.2 million respectively, partially offset by lower transport equipment of US$1.0 million. Exports were lower than previously projected, primarily due to lower refined petroleum products and mining exports of US$28.8 million and US$13.9 million, respectively.

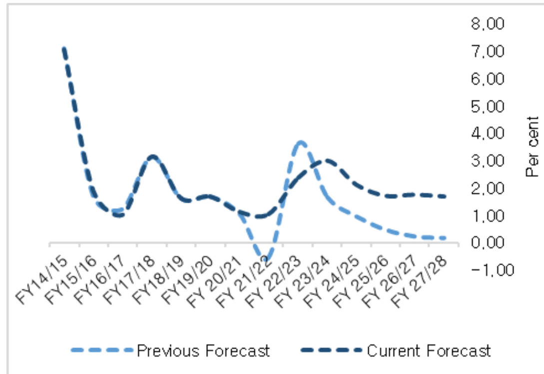
For the June 2022 quarter, a current account deficit of US$42.0 million (0.2 per cent of GDP) is estimated, US$62.9 million lower (better) than the previous projection but US$270.7 million higher (worse) than the outturn for the June 2021 quarter. The deterioration, relative to the previous year, is reflected primarily in the merchandise trade balance and current transfers sub-account partially offset by improvements in the services and income sub-accounts. The merchandise trade balance is estimated to have deteriorated mainly due to an increase in imports of consumer goods, capital goods, raw material, transport equipment and fuel. The deterioration on current transfers is mainly due to lower remittance inflows. The improvement on the services balance primarily reflect higher stop-over visitor arrivals, higher average daily expenditure as well as higher cruise passenger arrivals. The improvement on the income sub-account is underpinned by higher investment inflows and lower outflows.

The CA is forecasted to be broadly sustainable over the medium term. For FY2022/23 and FY2023/24, the CA is projected to deteriorate to a deficit within a range of 2.0 to of 3.0 per cent of GDP, higher (worse) than the previous projection and the estimated deficit for FY2021/22.

The CAD is projected to deteriorate, relative to the previous forecast over the medium-term. The CAD is projected to average 1.0 to 2.0 per cent of GDP between FY2024/25 and FY2027/28 (see **Figure 23**). The deterioration in the CA is mainly due to a downward revision to alumina prices.

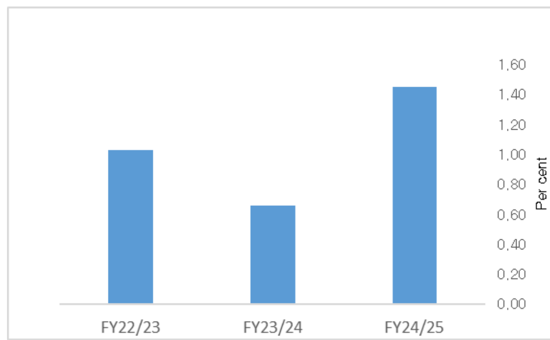
The current account balance, after accounting for FDI-related imports, reflects an average surplus of 1.0 per cent of GDP for the 3-year forecast period of FY2022/23 to FY2024/25 (see **Figure 24**).

Figure 23: Medium-Term CAD Forecast (% GDP)



Source: Bank of Jamaica

Figure 24: Current Account less FDI (% of GDP)



Source: Bank of Jamaica

6.0 Monetary Policy & Market Operations

BOJ increased its signal rate on two occasions during the June 2022 quarter by a total of 100 bps, from 4.50 per cent to 5.50 per cent. The Bank also continued to implement other measures to contain Jamaican dollar liquidity expansion. While not targeting any specific level of the exchange rate, Bank of Jamaica continued to ensure that further movements in the exchange rate did not threaten the inflation target. To ensure the orderly functioning of the foreign exchange market during the June 2022 quarter, BOJ provided liquidity amounting to US$60.0 million via the B-FXITT facility.

Jamaican dollar liquidity tightened during the June 2022 quarter, relative to the preceding quarter emanating from GOJ operations, along with the Bank's Foreign Exchange (FX) sales to the market and offer of certificates of deposit (CD).

During the June 2022 quarter, BOJ increased its signal rate on 20 May 2022 and 30 June 2022 by 50 bps on each occasion, from 4.50 per cent to 5.50 per cent at the end of the period.[1]

Liquidity Conditions

During the March 2022 quarter, liquidity conditions tightened, relative to the December 2021 quarter. This was indicated by the maintenance of average current account balances at Bank of Jamaica of $49.5 billion by deposit-taking institutions (DTIs) and primary dealers, below the average of $71.4 billion for the preceding quarter.

During the June 2022 quarter, liquidity conditions tightened, relative to the March 2022 quarter. This was indicated by the maintenance of average current account balances at Bank of Jamaica of $32.2 billion by deposit taking institutions (DTIs) and primary dealers, below the average of $49.5 billion for the preceding quarter.

Liquidity conditions over the June 2022 quarter were less contracted, relative to the projections at the May 2022 assessment. Deposit taking institution's average current account balances for the quarter were higher than projected by $7.8 billion.[2] The higher than anticipated balances primarily reflected stronger than expected injection from net BOJ operations, slightly offset by stronger than projected absorption from GOJ operations.[3] BOJ operations net injected $23.2 billion into the system during the quarter, which was $10.7 billion above projection. Net injection from BOJ operations largely reflected net injection from FX operations of $32.3 billion, which was $12.2 billion above projection. This was supported by an injection of $7.7 billion from other BOJ operations, which was $2.5 billion stronger than anticipated mainly due to net currency redemptions (see Table 4).[4] These injections were partly offset by an absorption of $16.8 billion from OMOs, which was $4.0 billion stronger than forecasted due to higher net issues of CDs.

Bank of Jamaica conducted 13 auctions of 30-day CDs during the review quarter. The average offer size during the June 2022 quarter was $17.8 billion, above the average of $13.4 billion for the March 2022 quarter. The increase reflected the actions of the central bank to manage liquidity levels in the financial market. Consistent with the monetary policy stance, the average yield on these operations

[1] Effective 30 June 2022, the SLF rate increased to 7.50 per cent. The EFR remains inactive given the removal of the limit on the SLF on 18 March 2020.

[2] Average current account balances are the average of the daily balances for the quarter.

[3] During the June 2022 quarter, average net absorption of $40.5 billion through GOJ operations was $2.8 billion stronger than projected, reflective of higher than anticipated tax revenue.

[4] Stronger than anticipated net currency redemptions partly reflected tight liquidity conditions prompting institutions to hold less vault cash. The outturn influenced a downward revision to the currency forecast.

for the review quarter increased to 7.67 per cent, 257 bps above the average for the March 2022 quarter.

Similar to the previous quarter, BOJ did not conduct any 14-day repurchase operation during the June 2022 quarter.

Foreign currency demand during the June 2022 quarter and the associated fluctuations in market conditions necessitated BOJ's foreign currency sales of US$60.0 million via the B-FXITT facility.[5,6] While there were repayments of USD CDs, there were no new issues during the review period (see Table 5).

Table 4: BOJ Liquidity Facility (J$ Billions)

BOJ Liquidity Flow (J$ Billions)	Actual Dec-21	Actual Mar-22	Projected Average Jun-22	Actual Average Jun-22	Variance Jun-22
Net BOJ Operations (Inject/Absorb)	33.5	13.3	12.6	23.2	10.7
Open Market Operations	3.9	0.9	-12.8	-16.8	-4.0
BOJ Repo - (incl. OTROs)	1.3	7.2	-8.1	-7.3	0.7
FR CDs - (incl. 30d cds)	-10.0	-9.3	-18.5	-23.2	-4.7
VR CDs	0.0	0.0	0.0	0.0	0.0
USD Indexed Notes	12.7	3.0	13.7	13.7	0.0
BOJ FX (incl. PSE)	40.4	16.3	20.2	32.3	12.2
BOJ Other	-10.8	-1.0	5.2	7.7	2.5
o.w. Currency Issue	-14.5	-4.6	4.2	5.7	1.5
o.w. Cash Reserve (Com Banks)	-1.2	-0.8	-0.7	-0.7	0.0
o.w. other	4.6	1.6	1.9	2.9	1.1
GOJ Operations	-34.7	-35.2	-37.7	-40.5	-2.8
Current A/C (+) = Loosen; (-) = Tighten	-1.2	-21.9	-25.1	-17.3	7.8
Current A/C Balance (AvgStock)	71.4	49.5	24.4	32.2	7.8

Notes: (+) = Inject; (-) = Absorb
Source: Bank of Jamaica

Table 5: Placements & Maturities of BOJ USD Instruments

Tenor	January - March 2022			April - June 2022		
	Placements (US$MN)	Maturities (US$MN)	Average Rate (%)	Placements (US$MN)	Maturities (US$MN)	Average Rate (%)
5-year	-	13.71	-	-	0.00	-
7-year	-	61.25	-	-	19.37	-
TOTAL	-	74.96	-	-	19.37	-

Note: Total outstanding stock of USD CDs as at June 2022 was US$127.4 million
Source: Bank of Jamaica

[5] Effective 30 March 2022, the FX swap arrangement was discontinued by BOJ.

[6] See footnote in the Exchange Rate Development section for further clarity.

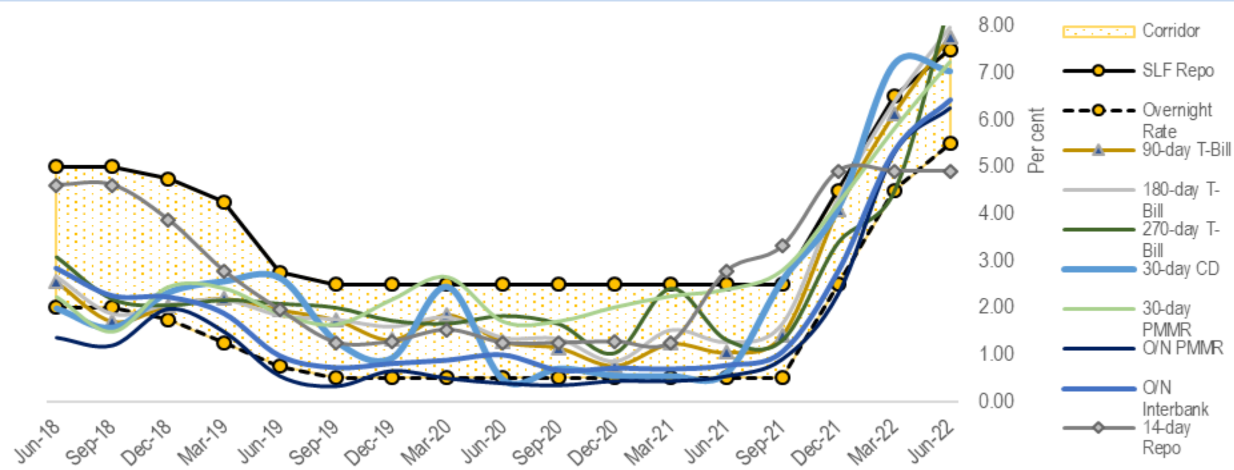
7.0 Financial Markets

Money market rates increased during the June 2022 quarter, influenced by increases in the Bank of Jamaica's policy rate. The estimated yield curve on GOJ JMD bonds at end-June 2022 shifted downwards, relative to the yield curve at end-March 2022. Exchange rate risk declined, while sovereign risk increased.

Market Interest Rates

Consistent with the Bank's monetary policy stance, money market rates increased during the June 2022 quarter, relative to the preceding quarter. When compared to the rates at end-March 2022, the overnight (O/N) interbank rate, O/N private money market rate (PMMR) and the 30-day PMMR were higher by 108 bps, 96 bps and 143 bps, respectively. Additionally, the yields on GOJ 90-day, 180-day and 270-day Treasury bills at end-March 2022 were higher by 165 bps, 159 bps and 403 bps, respectively (see Figure 25). Higher Treasury bills yield and PMMR rates were influenced by the actions of Bank of Jamaica to further increase the policy rate by 100 bps during the June 2022 quarter.

Figure 25: Money Market Rates (Nominal)[1]



	BOJ SLF Rate	14-day Repo	BOJ 30-day CD	BOJ O/N Deposit	O/N PMMR +	O/N Int. Bank +	30-day PMMR +	90-day T-Bill	180-day T-Bill	270-day T-Bill
Dec-20	2.50	1.28	0.56	0.50	0.44	0.72	2.00	0.77	0.86	1.04
Mar-21	2.50	1.26	0.55	0.50	0.44	0.70	2.23	1.23	1.52	2.41
Jun-21	2.50	2.78	0.62	0.50	0.54	0.78	2.38	1.05	1.27	1.32
Sep-21	2.50	3.31	2.59	0.50	0.91	1.07	2.78	1.41	1.66	1.31
Dec-21	4.50	4.91	4.13	2.50	2.29	2.80	4.22	4.09	4.33	3.39
Mar-22	6.50	4.91	7.19	4.50	5.28	5.35	5.80	6.12	6.37	4.47
Jun-22	7.50	4.91	7.04	5.50	6.24	6.43	7.23	7.78	7.96	8.50

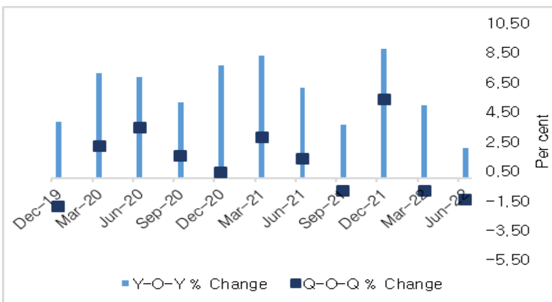
Source: Bank of Jamaica

[1] Notes: (i) PMMR is the private money market rate (ii) O/N is the overnight rate in the market accessible by all financial institutions while the interbank rate (I/B) is the overnight rate accessible only by banks.
+ Reflects average rate for the month.

Exchange Rate Developments

The nominal exchange rate appreciated during the review quarter, relative to the previous quarter. The weighted average selling rate of the Jamaica Dollar vis-á-vis the US dollar (WASR) closed the June 2022 quarter at J$151.56 = US$1.00, reflecting an appreciation of 1.4 per cent, relative to the previous quarter and depreciation of 2.1 per cent, relative to end-June 2021.[2]

Figure 26: Movements in WASR

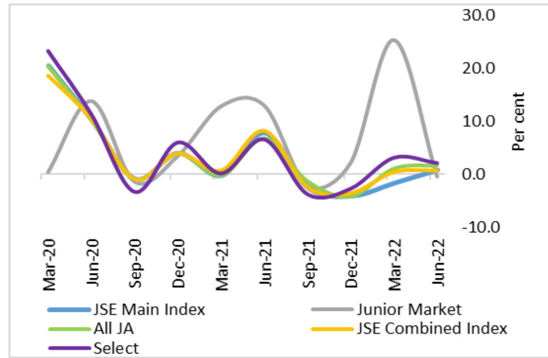


There was noticeable pressure in the foreign exchange market during the early part of the quarter. This pressure was underpinned by increased end user demand and portfolio related demand by financial institutions. These demand pressures were attenuated by an increased willingness of authorized dealers to augment US dollar liquidity in the latter part of the quarter. Additional factors that provided the impulse for appreciation included B-FXITT sales of US$60.0 million during the quarter.

Equities Market

For the June 2022 quarter, three of the five major Jamaica Stock Exchange (JSE) indices recorded increases which ranged from 0.7 per cent to 2.2 per cent (see Figure 27). More specifically, the JSE Main Index increased by 0.8 per cent for the June 2022 quarter, compared to a decline of 1.7 per cent for the previous quarter. In contrast, the Junior Market Index declined by 0.5 per cent for the review quarter, relative to growth of 25.4 per cent in the previous quarter.

Figure 27: Quarterly growth rates of the JSE indices (percentage change)[3]



Source: Jamaica Stock Exchange

The annual performance of the stock market for the year ended June 2022, reflected a decline for all the major JSE indices, except for the JSE Junior Market Index. The JSE Main Market Index declined by 7.3 per cent for the review year, relative to a decline of 0.9 per cent for the corresponding period of the previous year. Notably, the Junior Market Index recorded growth of 24.7 per cent for the year ended-June 2022, relative to growth of 41.6 per cent for the previous year.

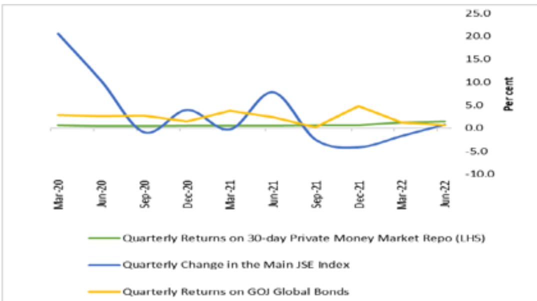
Of note, for the review quarter, returns on equity investments yielded stronger gains in comparison to foreign currency investments. More specifically, equities yielded a quarterly return of 0.8 per cent, while the quarterly returns on foreign currency investments were 0.6 per cent for the June 2022 quarter.[4] Furthermore, the average quarterly yield on 30-day private money market instruments was 1.5 per cent for the June 2022 quarter, relative to 1.3 per cent for the previous quarter (see Figure 28).

[2] The WASR (avg) closed the quarter at J$154.63 = US$1.00, reflecting appreciation of 0.8 per cent, relative to the previous quarter and depreciation of 2.4 per cent relative to June 2021.

[3] The All JA and JSE Main Index, exhibit strong co-movement with returns.

[4] The return on equities is computed as the change in value of the JSE Main Index for the review quarter relative to the previous period. The return on foreign currency investments is computed as the sum of quarterly foreign currency gains (losses) and the average quarterly returns on GOJ global bonds.

Figure 28: Returns from Private Money Market, foreign currency investments and Capital Gains/ (Losses) from JSE Main Index
(Per cent)

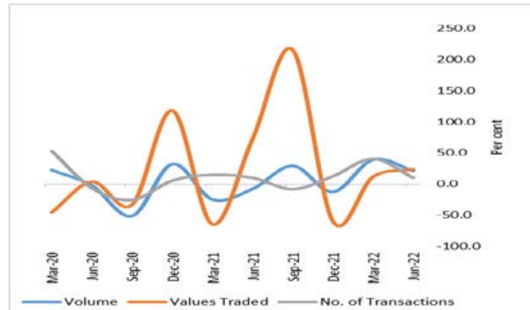


Source: Jamaica Stock Exchange and Bloomberg

Stock market activity indicators declined for the June 2022 quarter. In particular, the volume of stocks traded and the number of transactions decreased by 21.0 per cent and 9.7 per cent, respectively. This compares to growth of 38.9 per cent and 40.8 per cent in the volume of stocks traded and the number of transactions, respectively, for the previous quarter. However, the value of stocks traded increased by 23.3 per cent for the review quarter, relative to growth of 11.2 per cent in the value of stocks traded for the previous quarter (see **Figure 29**).

The price performance of the stocks listed on the JSE, as measured by the advance to decline ratio, was 13:26 for the June 2022 quarter, with one stock trading firm. This compares to an advance to decline ratio of 23:15 for the previous quarter. Of note, stock price appreciation continued to be largely concentrated among the *Financial* and *Other* sectors. Meanwhile, most of the declining stocks were concentrated in the *Financial and Other* sectors for the June 2022 quarter (see **Tables 6 and 7**).

Figure 29: Quarterly Change in the Monthly Volumes, Values Traded & Number of Transactions (Main JSE Index) (Per cent)



Source: Jamaica Stock Exchange

Table 6: Stock Price Appreciation

Advancing	Percent
Financial	
Mayberry Jamaican Equities Limited	74.8
Mayberry Investments Limited	36.5
1834 Investments Limited	34.9
Eppley Limited	7.5
Jamaica Stock Exchange	4.1
Other	
Supreme Ventures	60.2
MPC Caribbean Clean Energy Limited (MPCCEL)	5.8
Manufacturing	
Seprod Limited	20.9
Tourism	
Ciboney Group	18.6
Retail	
Carreras Limited	7.4

Table 7: Stock Price Depreciation

Other	
Margaritaville (Turks) Limited	−27.8
Wigton Windfarm Limited (WIG)	−16.4
Kingston Properties Limited	−13.7
Stanley Motta Limited	−9.5
Palace Amusement	−8.2
Financial	
National Commercial Bank Jamaica	−11.8
Victoria Mutual Investment	−6.8
Barita Investments Limited	−5.4
Manufacturing	
Salada Foods Jamaica	−8.5
Caribbean Cement Company	−8.0

8.0 Monetary Aggregates

Growth in money supply and credit to the private sector as at June 2022 was estimated to be lower than the previous projection.

Over the ensuing eight quarters, the average annual growth rate in the money supply and private sector credit are forecasted to be below the previous projection.

Money

The monetary base declined by 6.9 per cent at June 2022 when compared with June 2021. Regarding the sources of the annual change in the monetary base at June 2022, there was a decline of 41.6 per cent in net domestic assets (NDA), the impact of which was partly offset by an increase of 13.0 per cent in the Bank of Jamaica's net international reserves (NIR) (see **Table 8**). Lower net claims on the public sector and higher OMOs contributed to the decline in the NDA.[1] The growth in the Jamaica dollar equivalent of the NIR was mainly associated with an increase in the USD value of the NIR, and to a lesser extent, a depreciation in the exchange rate relative to June 2021. The increase in the value of the NIR stock was influenced by surrenders through the PSE Facility by Authorized Dealers and Cambios, over the year. These inflows were partly offset by outflows from Government of Jamaica as well as net B-FXITT sales of US$601.88 million.

Table 8: Bank of Jamaica Balance Sheet (Analytical Presentation)

	Stock (J$MN)			Flow (%)	
	Jun-21	Mar-22	Jun-22	Qtr. -o- Qtr.	Y-o-Y
NIR (US$MN)	3,388.71	3,675.8	3,804.75	3.5	12.3
NIR(J$MN)	507,566.63	564,279.73	573,423.61	1.6	13.0
- Assets	641,947.12	663,725.83	661,615.64	-0.3	3.1
- Liabilities	-134,380.49	-99,446.11	-88,192.03	-11.3	-34.4
Net Domestic Assets	-208,050.82	-296,160.65	-294,497.14	0.6	-41.6
- Net Claims on Public Sector	213,257.29	136,050.33	128,865.57	-5.3	-39.6
- Net Credit to Banks	-75,868.69	-84,710.58	-85,841.83	1.3	13.1
- Open Market Operations	-131,936.03	-142,423.26	-147,399.54	3.5	11.7
- Other	-213,503.39	-205,077.14	-190,121.34	-7.3	-11.0
-o/w USD FR CDs	-19,627.97	1,836.76	4,776.40	160.0	-124.3
Monetary Base	299,515.81	268,119.07	278,926.48	4.0	-6.9
- Currency Issue	181,058.42	207,895.60	204,515.25	-1.6	13.0
- Cash Reserve	41,429.09	44,909.59	45,885.45	2.2	10.8
- Current Account	77,028.30	15,313.88	28,525.77	86.3	-63.0

Source: Bank of Jamaica

M2J expanded by 9.6 per cent at May 2022 largely underpinned by growth of 9.3 per cent in local currency deposits. This represented a deceleration in growth relative to the increase of 9.5 per cent recorded at end-March 2022. The moderated growth in deposits was strongly reflected in savings and demand deposits, which grew by 11.1 per cent and 10.1 per cent, respectively, relative to growth of 14.4 per cent and 8.5 per cent in March 2022. Growth in M2J was also influenced by an increase

[1] The annual decline in net claims on the public sector largely reflected the receipt of SDR of US$520.6 million from the IMF in August 2021, which was recorded both as a gross foreign asset and a domestic liability.

of 11.0 per cent in currency with the public, relative to growth of 16.9 per cent in March 2022.

Table 9: Components of Money Supply (M2*)

	Percentage Change (%)		
	May-21	Mar-22	May-22
Total Money Supply (M2*)	16.0	15.1	13.3
Money Supply (M2J)	17.9	11.0	9.6
Money Supply (M1J)	18.9	12.0	10.5
Currency with the public	19.0	16.9	11.0
Demand Deposits	18.9	8.5	10.1
Quasi Money	17.0	10.1	8.8
Savings Deposits	17.3	14.4	11.1
Time Deposits	15.6	-7.3	-0.6
Foreign Currency Deposits	12.7	22.5	19.8

Source: Bank of Jamaica

Private Sector Credit

Growth in private sector loans and advances was below that of the previous quarter. Loans and advances (including domestic and foreign currency denominated loans) to the non-financial private sector by deposit-taking institutions (DTIs) expanded by 9.3 per cent at May 2022. This was below the growth of 9.0 per cent as at March 2022. Relative to GDP, the stock of private sector loans at May 2022 was 44.6 per cent, below the ratio of 46.0 per cent a year earlier.

The growth in total loans and advances was underpinned by expansions in loans of 11.9 per cent and 5.8 per cent to individual and the productive sector, respectively. Growth in loans to the productive sector was mainly attributed to increases in loans to the Distribution and Professional & Other Services industries.

Table 10: Select Private Sector Financing Indicators (12-month Percentage Change)

Stock	May-21	Mar-22	May-22
Total DTI	8.4	9.0	9.3
o.w. to Businesses	7.2	4.9	5.8
o.w. to Consumers	9.3	12.0	11.9
Stock as a % of Annual GDP			
Total DTI	46.0	44.6	44.6
o.w. to Businesses	19.5	18.4	18.3
o.w. to Consumers	26.5	26.3	26.2

Source: Bank of Jamaica

Monetary Projections

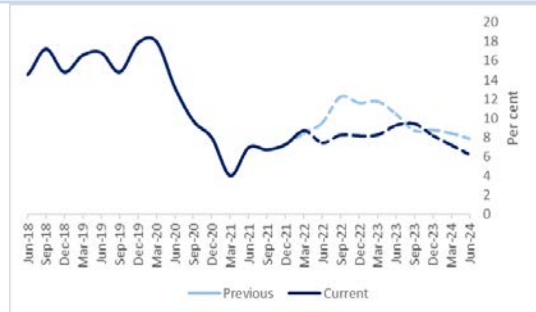
M2J is projected to expand at an average annual rate of 7.7 per cent over the next eight quarters, below the previous projection of 9.6 per cent. The pace of broad money growth is anticipated to reflect expansions primarily in local currency deposits as well as currency in circulation over the near term. The near term growth projection for broad money is weaker than previously forecasted in light of tighter monetary policy and liquidity conditions. Real monetary conditions are also expected to be more contractionary, coupled with a less optimistic outlook for real economic activity over the next eight quarters.

Growth in DTI private sector credit is forecasted to be weaker, relative to the previous projections over the next eight quarters. Private sector credit is projected to grow at an average rate of 8.1 per cent up to the June 2024 quarter, compared to the previous forecast for an expansion of 10.0 per cent. The projected annual expansion over the near term reflects a slightly less optimistic economic outlook amid the continued recovery from the impact of the pandemic. The weaker growth, relative to the previous forecast is influenced by the impact of contractionary monetary conditions, following BOJ's decision to further increase the policy rate in the June 2022 quarter. With lending institutions beginning to pass on the policy rate increases to the price of loans, the pace of loan growth is expected to slow.

Figure 30: Annual Growth in M2J

Source: Bank of Jamaica

Figure 31: Private Sector Credit Growth



Source: Bank of Jamaica

9.0 Conclusion

Inflation is projected to fall within the target range by the December 2023 quarter. This is two quarters later than previously projected. Consistent with consensus forecast for a fall in commodity prices and the Bank's overall monetary policy stance, and absent any new shocks, annual inflation is projected to range between 9.0 per cent and 11.0 per cent for the remaining months of 2022. Inflation is projected to fall to single digits in early 2023, as long as the conflict between Russia and Ukraine do not escalate and inflation among Jamaica's trading partners continue to fall. The inflation forecast anticipates that, consistent with consensus projections for further declines in international commodity and shipping prices and continued tight monetary policy, the public's expectation for future inflation will fall during the second half of 2022.

Domestic economic activity is estimated to have grown in the range of 2.5 per cent to 3.5 per cent in the June 2022 quarter. The projected growth in the range of 2.5 to 4.5 per cent for FY2022/23 is above the previous assessment, chiefly reflecting upward revisions to the growth for Hotels & Restaurants, Wholesale & Retail Trade, Agriculture, Forestry & Fishing, Transport, Storage & Communication and as well as Construction. For the medium term (FY2024/25 – FY2027/28), GDP growth is projected to average 1.0 per cent, which is in line with the previous projection. The risks to the forecast for real GDP growth are skewed to the downside.

The current account (CA) of the balance of payments (BOP) for FY2021/22 is estimated at a deficit 1.0 per cent of GDP from a deficit of 1.1 per cent of GDP in FY2020/21. This estimate is mainly based on higher remittance inflows and increased travel related expenditure for the fiscal year partly offset by higher imports and investment income outflows. The CA is projected to deteriorate over FY2022/23 and FY2023/24 to deficits in the range of 2.0 per cent to 3.0 per cent of GDP, before improving over the medium-term.

Bank of Jamaica (BOJ) announced its decision to increase the policy interest rate (the rate offered to deposit-taking institutions on overnight placements with BOJ) by 50 basis points to 5.5 per cent per annum, effective 30 June 2022. The Bank also decided to continue pursuing other measures to contain Jamaican dollar liquidity expansion and maintain stability in the foreign exchange market. The MPC will continue to closely monitor the global and domestic economic environment and is prepared to pause its monetary policy tightening if the incoming data continues to reflect a downwards track for inflation.

Additional Tables

1: INFLATION RATES

		CPI (Point-to-Point) **	Headline Inflation	Core Inflation*
FY09/10	Jun-09	54.39	8.95	10.29
	Sep-09	56.03	7.22	9.77
	Dec-09	57.62	10.21	10.28
	Mar-10	59.99	13.33	11.60
FY10/11	Jun-10	61.53	13.21	10.99
	Sep-10	62.34	11.26	9.40
	Dec-10	64.38	11.74	8.65
	Mar-11	64.69	7.84	6.57
FY11/12	Jun-11	65.98	7.20	6.67
	Sep-11	67.37	8.07	6.99
	Dec-11	68.25	6.01	6.86
	Mar-12	69.39	7.26	6.97
FY12/13	Jun-12	70.41	6.71	6.91
	Sep-12	71.86	6.65	5.59
	Dec-12	73.71	8.00	5.44
	Mar-13	75.72	9.13	6.30
FY13/14	Jun-13	76.57	8.76	6.26
	Sep-13	79.37	10.46	6.95
	Dec-13	80.70	9.47	7.38
	Mar-14	82.04	8.34	6.54
FY14/15	Jun-14	82.68	7.97	6.10
	Sep-14	86.50	8.99	6.72
	Dec-14	85.83	6.36	5.97
	Mar-15	85.29	3.96	5.51
FY15/16	Jun-15	86.29	4.37	4.81
	Sep-15	88.08	1.82	4.00
	Dec-15	88.97	3.66	3.51
	Mar-16	87.82	2.96	3.04
FY16/17	Jun-16	88.46	2.52	2.76
	Sep-16	89.71	1.86	2.48
	Dec-16	90.50	1.72	2.31
	Mar-17	91.41	4.09	2.27
FY17/18	Jun-17	92.38	4.43	2.42
	Sep-17	93.82	4.58	2.55
	Dec-17	95.24	5.24	2.65
	Mar-18	95.00	3.94	2.58
FY18/19	Jun-18	94.99	2.82	2.29
	Sep-18	97.89	4.33	2.44
	Dec-18	97.56	2.44	2.36
	Mar-19	98.23	3.39	2.33
FY19/20	Jun-19	98.97	4.19	2.50
	Sep-19	101.20	3.39	2.87
	Dec-19	103.63	6.22	2.95
	Mar-20	102.95	5.44	3.27
FY20/21	Jun-20	105.20	6.31	2.92
	Sep-20	106.14	4.88	3.20
	Dec-20	109.01	5.19	3.60
	Mar-21	108.27	5.18	5.30
FY21/22	Jun-21	109.77	4.34	7.17
	Sep-21	114.88	8.23	7.82
	Dec-21	116.98	7.31	9.09
	Mar-22	120.52	11.31	9.53
FY22/23	Jun-22	121.79	10.95	10.85

* Core inflation is measured as headline inflation excluding agriculture and fuel related components of the CPI Basket (CPI-AF)
** STATIN revised the reference basket used to measure the CPI in March 2020

2: ALL JAMAICA INFLATION – Point-to-Point (June 2022) *

Divisions, Classes and Groups	Weight (%)	Inflation (%)	Weighted Inflation	Contribution
FOOD & NON-ALCOHOLIC BEVERAGES	35.79	13.65	4.89	44.90
Food	33.76	13.86	4.68	43.00
Cereals and cereal products (ND)	6.68	15.00	1.00	9.21
Live animals, meat and other parts of slaughtered land animals (ND)	6.60	20.15	1.33	12.22
Fish and other seafood (ND)	3.59	13.51	0.49	4.46
Milk, other dairy products and eggs (ND)	2.86	13.26	0.38	3.48
Oils and Fats (ND)	0.91	17.07	0.16	1.43
Fruits and nuts (ND)	2.60	12.36	0.32	2.95
Vegetables, tubers, plantains, cooking bananas and pulses (ND)	7.02	9.19	0.65	5.93
Tubers, plantains, cooking bananas and pulses (ND)	2.04	3.71	0.08	0.70
Vegetables	4.98	12.09	0.60	5.53
Sugar, confectionery and desserts (ND)	1.31	10.00	0.13	1.20
Ready-made food and other food products n.e.c. (ND)	2.19	9.62	0.21	1.94
Non-Alcoholic Beverages	2.03	10.08	0.20	1.88
Fruit and Vegetable Juices (ND)	0.66	10.93	0.07	0.66
Coffee, Tea and Cocoa	0.46	8.57	0.04	0.36
Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	0.91	10.38	0.09	0.87
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	1.45	8.46	0.12	1.13
CLOTHING AND FOOTWEAR	2.48	5.14	0.13	1.17
Clothing	1.66	5.49	0.09	0.84
Footwear	0.82	4.43	0.04	0.33
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	17.85	5.99	1.07	9.83
Rentals for Housing	9.09	5.97	0.54	4.99
Maintenance, Repair and Security of the Dwelling	0.67	13.17	0.09	0.82
Water Supply and Miscellaneous Services Related to the Dwelling	2.27	13.65	0.31	2.84
Electricity, Gas and Other Fuels	5.82	9.73	0.57	5.20
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE	3.77	10.27	0.39	3.56
Furniture, Furnishings, and Loose Carpets	0.36	6.43	0.02	0.21
Household Textiles	0.22	4.18	0.01	0.08
Household Appliances	0.35	9.35	0.03	0.30
Tools and Equipment for House and Garden	0.15	4.71	0.01	0.06
Goods and Services for Routine Household Maintenance	2.70	11.71	0.32	2.90
HEALTH	2.63	4.27	0.11	1.03
Medicines and Health Products	2.16	4.17	0.09	0.83
Outpatient Care Services	0.30	7.17	0.02	0.20
Other Health Services	0.17	0.33	0.00	0.01
TRANSPORT	11.23	15.62	1.75	16.12
INFORMATION AND COMMUNICATION	4.57	0.37	0.02	0.15
RECREATION, SPORT AND CULTURE	5.02	8.00	0.40	3.69
EDUCATION SERVICES	2.43	4.82	0.12	1.08
RESTAURANTS & ACCOMMODATION SERVICES	6.65	22.44	1.49	13.72
INSURANCE AND FINANCIAL SERVICES	1.13	3.76	0.04	0.39
PERSONAL CARE, SOCIAL PROTECTION AND MISCELLANEOUS GOODS AND SERVICES	4.99	7.06	0.35	3.24
ALL DIVISIONS	100.00	10.95	10.88	100.00

3: BANK OF JAMAICA OPERATING TARGETS

	Actual Jun-20	Actual Sep-20	Actual Dec-20	Actual Mar-21	Actual Jun-21	Actual Sep-21	Actual Dec-21	Actual Mar-22	Actual Jun-22
Net International Reserves (US$)	2,949.26	2,747.49	3,126.13	3,319.32	3,388.71	3,964.22	4,000.77	3,675.85	3,804.75
NET INT'L RESERVES (J$)	412,462.0	389,093.8	445,328.1	483,499.7	507,566.6	584,566.63	616,242.37	564,279.73	573,423.61
Assets	546,127.6	526,087.2	581,364.4	618,120.4	641,947.1	713,099.77	744,492.11	663,725.83	661,615.64
Liabilities	133,665.6	136,839.3	136,036.3	134,620.7	134,380.5	128,427.3	-128,249.74	-99,446.11	-88,192.03
NET DOMESTIC ASSETS	-173,194.9	-123,393.84	-162,755.2	-188,136.32	-208,050.82	-267,249.64	-276,378.11	-296,160.65	-294,497.14
-Net Claims on Public Sector	159,189.0	211,632.0	222,068.3	181,996.1	213,236.0	143,591.3	141,473.17	136,05033	128,865.57
-Net Credit to Banks	-65,274.7	-66,981.9	-69,050.6	-70,829.7	-75,868.7	-77,171.4	-81,335.02	-84,710.58	-85,841.83
-Open Market Operations	-74,311.1	-76,564.7	-124,035.7	-100,734.3	-131,936.0	-134,896.6	-119,548.25	-142,423.26	-147,399.54
-Other	-192,798.1	-191,479.3	-191,737.1	-198,568.4	-213,482.1	-198,772.9	-216,968.01	-205,077.14	-190,121.34
MONETARY BASE	239,267.1	265,854.1	282,573.0	295,363.4	299,515.8	317,422.8	339,864.27	268,119.07	278,926.48
- Currency Issue	151,704.8	170,033.0	190,622.7	181,924.1	181,058.4	197,436.1	226,933.52	207,895.60	204,515.25
- Cash Reserve	35,280.94	37,093.8	39,116.5	39,901.1	41,429.1	43,525.4	44,348.06	44,909.59	45,885.45
- Current Account	52,281.4	58,727.3	52,968.4	73,672.2	77,028.3	76,461.3	68,582.69	15,313.88	28,525.77
GROWTH IN MONETARY BASE [F-Y-T-D]	-1.1	9.8	16.8	-	1.4	7.5	15.1	-	4.0

4: MONETARY AGGREGATES

		BASE	M1J	M1	M2J	M2	M3J	M3
FY16/17	Sep-16	125112.90	162012.8	183699.4	327364.0	554814.8	485596.6	713047.4
	Dec-16	140698.1	184887.8	210703.5	356709.1	586686.9	514906.4	744884.2
	Mar-17	139,460.80	177,728.24	205,405.77	385,130.22	636,350.53	545,141.71	796,362.01
FY17/18	Jun-17	147,019.31	176,880.50	206,834.55	390,658.46	661,159.67	555,312.55	825,813.77
	Sep-17	154,764.51	183,754.61	213,187.22	425,524.34	699,679.21	601,465.45	875,620.33
	Dec-17	172,290.94	205,967.44	233,487.21	457,905.02	718,529.75	633,487.37	894,112.10
	Mar-18	170,142.28	220,372.56	250,633.11	479,452.65	756,399.23	657,857.33	934,803.92
FY18/19	Jun-18	169,828.80	216,289.92	251,603.73	482,485.41	770,885.09	673,782.30	962,181.99
	Sep-18	177,365.64	230,629.81	266,659.06	496,418.25	804,064.91	693,490.11	1,001,136.77
	Dec-18	202,547.07	251,413.40	283,542.66	524,339.37	818,748.06	731,302.94	1,025,711.62
	Mar-19	214,015.10	249,673.01	285,367.63	542,149.88	844,420.19	753,609.43	1,055.879.73
FY19/20	Jun-19	204,318.65	256,383.63	294,330.41	544,085.24	858,311.49	763,563.05	1,077,789.31
	Sep-19	220,133.35	258,452.00	291,166.83	553,029.15	874,593.99	784,502.64	1,106,067.49
	Dec-19	220,953.60	288,765.41	324,896.57	617,627.36	941,252.00	843,835.41	1,167,460.05
	Mar-20	220,952.59	291,510.62	341,364.49	612,444.99	963,144.91	842,710.44	1,193,410.36
FY20/21	Jun-20	239,267.12	304,413.99	346,525.54	634,039.95	998,227.40	852,992.97	1,217,180.42
	Sep-20	265,854.12	321,603.09	366,833.99	670,333.46	1,055,569.83	889,371.33	1,274,607.69
	Dec-20	282,573.00	341,946.01	382,054.10	699,607.17	1,092,427.28	926,877.37	1,319,697.49
	Mar-21	295,363.42	348,520.04	390,210.97	717,228.90	1,118,874.17	949,719.11	1,351,364.37
FY21/22	Jun-21	299,515.81	354,014.44	406,142.44	735,982.82	1,163,036.18	978,463.19	1,405,516.55
	Sep-21	317,422.82	364,765.50	413,386.24	753,978.91	1,182,807.26	994,201.70	1,423,030.04
	Dec-21	339,864.27	406,708.92	458,639.06	818,963.54	1,276,153.09	1,056,944.42	1,514,133.98
	Mar-22	268,119.07	390,171.16	448,269.27	796,096.93	1,288,243.47	1,032,292.35	1,524,438.89
FY22/23	Jun-22	278,926.48	391,424.80	454,536.66	806,237.99	1,302,293.54	1,042,795.03	1,538,850.58

5: GOJ TREASURY BILL YIELDS
(End of Period)

		1-month	3-month	6-month	9-month	12-month
FY13/14	Dec-13	6.25	7.53	8.25	...	...
	Mar-14	6.76	8.35	9.11	...	...
	Jun-14	6.80	7.66	8.37	...	...
FY14/15	Sep-14	6.89	7.47	8.00	...	...
	Dec-14	6.38	6.96	7.14	...	...
	Mar-15	6.30	6.73	7.00	...	...
	Jun-15	6.23	6.48	6.63	...	...
FY15/16	Sep-15	6.23	6.20	6.35	...	...
	Dec-15	5.97	5.96	6.04	...	...
	Mar-16	5.38	5.75	5.83	...	...
	Jun-16	5.47	5.86	6.01	...	...
FY16/17	Sept-16	5.84	5.86	5.81	...	...
	Dec-16	5.64	5.68	6.56	...	...
	Mar-17	6.10	6.13	6.32	...	...
	Jun-17	...	5.77	6.13	...	...
FY17/18	Sept-17	...	4.98	5.45	...	...
	Dec-17	...	4.18	4.63	...	...
	Mar-18	...	2.98	3.17	...	...
	Jun-18	...	2.54	2.66	...	...
FY18/19	Sep-18	...	1.71	1.87	...	...
	Dec-18	...	2.05	2.07	...	...
	Mar-19	...	2.19	2.17	...	...
	Jun-19	...	1.95	1.84	...	...
FY19/20	Sep-19	...	1.74	1.75	...	...
	Dec-19	...	1.32	1.60	...	...
	Mar-20	...	1.85	1.80	...	...
FY20/21	Jun-20	...	1.28	1.36	...	...
	Sep-20	...	1.14	1.33	...	...
	Dec-20	...	0.77	0.86	...	...
	Mar-21	...	1.23	1.52	...	...
FY21/22	Jun-21	...	1.05	1.27	...	...
	Sep-21	...	1.41	1.66	...	...
	Dec-21	...	4.09	4.33	...	...
	Mar-22	...	6.12	6.37	...	...
FY22/23	Jun-22	...	7.78	7.96	...	...

6: BANK OF JAMAICA OPEN MARKET INTEREST RATES
(End of Period)

		30 days	60 days	90 days	120 days	180 days	270 days	365 days
	Mar-12	6.25	...	...	...	...	...	...
FY12/13	Jun-12	6.25	...	...	...	...	...	...
	Sep-12	6.25	...	...	...	...	...	...
	Dec-12	6.25	...	...	...	...	...	...
	Mar-13	5.75	...	...	...	...	...	...
FY13/14	Jun-13	5.75	...	...	...	...	...	...
	Sep-13	5.75	...	...	...	...	...	...
	Dec-13	5.75	...	...	...	...	...	...
	Mar-14	5.75	...	...	...	...	...	...
FY14/15	Jun-14	5.75	...	...	...	...	...	...
	Sep-14	5.75	...	...	...	...	...	...
	Dec-14	5.75	...	...	...	...	...	...
	Mar-15	5.75	...	...	...	...	...	...
FY15/16	Jun-15	5.50	...	...	...	...	...	...
	Sep-15	5.25	...	...	...	...	...	...
	Dec-15	5.25	...	...	...	...	...	...
	Mar-16	5.25	...	...	...	...	...	...
FY16/17	Jun-16	5.00	...	...	...	...	...	...
	Sep-16	5.00	...	...	...	...	...	...
	Dec-16	5.00	...	...	...	...	...	...
	Mar-17	5.00	...	...	...	...	...	...
FY17/18	Jun-17	4.75	...	...	...	...	...	...
	Sep-17	4.09	...	...	...	...	...	...
	Dec-17	3.80	...	...	...	...	...	...
	Mar-18	2.68	...	...	...	...	...	...
FY18/19	Jun-18	2.31	...	...	...	...	...	...
	Sep-18	1.72	...	...	...	...	...	...
	Dec-18	2.10	...	...	...	...	...	...
	Mar-19	2.19	...	...	...	...	...	...
FY19/20	Jun-19	2.39	...	...	...	...	...	...
	Sep-19	1.48	...	...	...	...	...	...
	Dec-19	0.95	...	...	...	...	...	...
	Mar-20	2.77	...	...	...	...	...	...
FY20/21	Jun-20	0.58	...	...	...	...	...	...
	Sep-20	0.67	...	...	...	...	...	...
	Dec-20	0.55	...	...	...	...	...	...
	Mar-21	1.01	...	...	...	...	...	...
FY20/21	Jun-21	0.57	...	...	...	...	...	...
	Sep-21	1.97	...	...	...	...	...	...
	Dec-21	4.17	...	...	...	...	...	...
	Mar-22	6.50	...	...	...	...	...	...
FY22/23	Jun-22	7.32	...	...	...	...	...	...

7: Placements and Maturities* in BOJ OMO Instruments

	October - December 2021			January – March 2022			April - June 2022		
	Maturities (J$MN)	Placements (J$MN)	Average Yield (%)	Maturities (J$MN)	Placements (J$MN)	Average Yield (%)	Maturities (J$MN)	Placements (J$MN)	Average Yield (%)
30-day CD	151.0	133.0	4.13	126.5	153.5	4.93	201.0	232.5	7.68
272-day VR CD	0	0		0	0		0	0	
365-day VR CD	0	0		0	0		0	0	
548-day VR CD	0	0		0	0		0	0	
729-day VR CD	0	0		0	0		0	0	
272-day FR CD	0	0		0	0		0	0	
365-day FR CD	0	0		0	0		10.0	0	
730-day FR CD	0	0		0	7.8	4.42	0	6	8.17
911-day FR CD	0	0		0	0		0	0	
272-day FR USD IB	0	0		0	0		0	0	
365-day FR USD IB	0	0		0	0		0	0	
540-day FR USD IB	25.2	0		0	0		0	0	
730-day FR USD IB	0	0		0	0		3.9	0	
911-day FR USD IB	0	12.0		0	0		0	0	
1095-day FR USD IB	0.0	0		0	0		11.6	0	
Repos	95.9	85.9		686.02	697.9		238.1	228.1	

	Maturities (US$MN)	Placements (US$MN)	Average Yield (%)	Maturities (US$MN)	Placements (US$MN)	Average Yield (%)	Maturities (US$MN)	Placements (US$MN)	Average Yield (%)
1-year FR USD CD	0	0		0	0		0	0	
2-year FR USD CD	0	0		0	0		0	0	
3-year FR USD CD	0	0		0	0		0	0	
4-year FR USD CD	0	0		0	0		0	0	
5-year FR USD CD	8.71	0		13.71	0		0	0	
7-year FR USD CD	33.87	0		61.25	0		19.37	0	
TOTAL	42.58	0		74.96	0		19.37	0	

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

	Bauxite	Alumina	Sugar	Bananas	Other Traditional	Non-Traditional	Other	Total Goods Exports
FY12/13	131.9	516.7	54.8	0.0	80.8	707.1	252.9	1744.1
Mar-13	33.0	136.4	16.8	0.0	18.8	194.5	69.7	469.2
FY13/14	125.0	526.0	53.7	0.0	70.9	455.9	260.3	1492.0
Jun-13	31.6	127.0	36.3	0.0	23.5	104.0	62.4	384.8
Sep-13	30.6	117.6	0.0	0.0	18.5	120.3	75.8	362.8
Dec-13	32.8	142.7	0.0	0.0	13.8	118.7	55.4	363.4
Mar-14	30.0	138.7	17.4	0.0	15.1	112.9	66.8	381.0
FY14/15	136.5	522.9	55.5	0.2	65.8	395.6	225.6	1402.2
Jun-14	34.4	108.6	26.5	0.0	21.0	96.1	69.2	355.9
Sep-14	33.4	151.6	11.9	0.1	16.6	99.3	62.1	375.0
Dec-14	33.4	130.4	0.0	0.1	13.6	106.8	49.2	333.5
Mar-15	35.3	132.3	17.1	0.1	14.5	93.4	45.1	337.9
FY15/16	116.4	479.8	36.9	0.3	69.9	317.8	158.3	1178.7
Jun-15	32.0	143.8	23.6	0.1	21.9	80.4	45.2	347.0
Sep-15	33.8	114.5	13.1	0.1	19.2	71.0	31.9	283.6
Dec-15	23.9	116.4	0.2	0.1	13.4	84.2	38.8	277.0
Mar-16	26.6	105.1	0.0	0.1	15.4	82.2	42.3	271.1
FY16/17	80.5	472.3	17.7	0.4	76.9	407.3	191.0	1246.1
Jun-16	26.7	126.6	9.0	0.1	26.9	90.7	55.2	335.3
Sep-16	20.6	102.7	4.8	0.1	20.6	93.0	41.0	282.7
Dec-16	17.9	109.6	0.3	0.1	13.0	108.4	49.9	299.1
Mar-17	15.3	133.4	3.6	0.1	16.5	115.2	44.9	328.9
FY17/18	94.5	641.9	11.3	0.7	65.8	436.1	205.3	1455.6
Jun-17	19.7	128.4	8.8	0.1	18.7	108.8	56.3	340.8
Sep-17	19.4	142.5	1.7	0.1	18.9	95.8	43.8	322.3
Dec-17	29.4	148.2	0.3	0.1	15.1	119.1	46.6	358.8
Mar-18	25.9	222.9	0.5	0.3	13.2	112.3	58.6	433.7
FY18/19	94.7	1136.8	15.8	0.5	68.4	424.8	232.3	1973.2
Jun-18	25.3	300.8	3.9	0.1	19.5	99.0	58.9	507.5
Sep-18	23.2	328.5	11.3	0.1	21.3	100.6	52.5	537.4
Dec-18	25.9	270.0	0.3	0.1	14.0	112.6	59.4	482.3
Mar-19	20.3	237.5	0.4	0.1	13.5	112.6	61.5	445.9
FY19/20+	94.3	573.6	10.2	0.6	81.4	506.9	106.4	1373.4
Jun-19+	26.1	214.6	6.4	0.1	20.8	117.9	50.7	436.6
Sep-19+	22.5	169.4	3.0	0.1	24.0	120.2	46.8	386.0
Dec-19+	21.1	113.0	0.4	0.1	18.2	122.0	44.5	319.4
Mar-20+	18.7	104.3	0.4	0.2	24.6	159.8	44.4	346.6
FY20/21+	87.2	423.5	6.9	0.8	67.3	535.8	81.0	1201.6
Jun-20	27.3	94.0	6.0	0.2	19.3	106.4	7.0	260.2
Sep-20	20.4	108.1	0.0	0.2	31.6	117.4	25.0	302.7
Dec-20	22.2	119.4	0.0	0.2	19.6	128.2	26.1	315.7
Mar-21	17.3	102.1	0.8	0.2	16.9	164.0	51.7	353.1
FY21/22+	46.4	243.2	5.5	0.5	43.1	357.2	68.2	752.0
Jun-21	17.3	125.4	5.4	0.2	23.8	186.9	49.2	408.3
Sep-21	17.1	117.8	0.1	0.3	19.3	170.2	23.7	348.4
Dec-21	20.1	42.4	0.5	0.2	15.0	138.7	34.6	251.0
Mar-22	17.4	31.3	0.1	0.3	19.4	180.3	50.2	299.0

+ Revised

9: BALANCE OF PAYMENTS QUARTERLY SUMMARY
(US$MN)

	Jun-19+	Sep-19+	Dec-19+	Mar-20+	Jun-20+	Sep-20+	Dec-20+	Mar-21+	Jun-21+	Sep-21 +	Dec-21+	Mar-22+
1. Current Account	-98.1	-161.7	-51.3	37.3	-82.7	11.0	-27.0	-50.6	228.7	45.1	-97.9	-333.0
A. Goods Balance	-1045.2	-982.5	-1046.0	-853.3	-614.2	-660.0	-821.0	-647.2	-556.6	-577.9	-1043.9	-1153.8
Exports (f.o.b)	430.3	394.6	335.0	358.2	264.7	306.4	321.2	360.3	422.9	371.5	286.0	340.6
Imports (f.o.b)	1475.5	1377.1	1380.9	1211.6	878.9	966.4	1142.2	1007.5	979.5	949.4	1329.9	1494.3
B. Services Balance	415.6	347.1	426.3	513.4	-77.4	-51.3	-4.5	-61.8	-23.3	-185.1	67.2	0.0
Transportation	-182.3	-171.1	-172.5	-154.4	-119.9	-129.9	-143.9	-307.4	-435.1	-591.8	-391.1	249.7
Travel	793.0	746.0	854.8	835.1	0.8	141.1	240.9	254.1	478.9	540.4	657.0	-330.9
Other Services	-195.1	-227.8	-256.0	-167.3	41.7	-62.5	-101.6	-8.5	-67.1	-133.7	-198.7	721.2
Goods & Services Balance	-629.6	-635.4	-619.7	-340.0	-691.6	-711.3	-825.5	-708.9	-579.9	-763.0	-976.7	-904.1
C. Income	-52.9	-173.6	-45.4	-200.5	-82.0	-142.1	-29.8	-158.2	-104.2	-121.3	-34.9	-228.4
Compensation of employees	14.2	23.7	50.9	7.5	8.9	20.0	45.5	15.3	9.7	28.5	46.5	18.8
Investment Income	-67.1	-197.3	-96.3	-208.0	-90.9	-162.1	-75.3	-173.5	-113.9	-149.9	-81.5	-247.2
D. Current Transfers	584.4	647.3	613.7	577.8	691.0	864.4	828.3	816.6	912.9	929.4	913.8	799.5
General Government	26.1	51.6	15.9	43.4	21.7	46.5	37.4	44.0	40.8	53.7	40.5	47.0
Other Sectors	558.4	595.8	597.8	534.3	669.3	817.8	790.9	772.5	872.0	875.7	873.3	752.5
2. Capital & Financial Account	4.8	-65.0	562.6	105.0	175.2	-497.4	942.0	423.4	276.7	-401.1	1572.9	1930.5
A. Capital Account	-8.5	-6.1	-5.0	-9.5	-9.2	-5.8	-6.3	-8.6	-9.2	-5.8	-5.6	-9.2
Capital Transfers	-8.5	-6.1	-5.0	-9.5	-9.2	-5.8	-6.3	-8.6	-9.2	-5.8	-5.6	-9.2
General Government	1.4	1.5	2.4	0.5	0.8	1.9	1.0	1.4	0.8	1.9	1.8	0.9
Other Sectors	-9.8	-7.6	-7.3	-10.0	-9.9	-7.7	-7.3	-10.0	-9.9	-7.7	-7.3	-10.0
Acq/disp of non-produced non- fin assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Financial Account	13.3	-58.9	567.6	114.5	184.4	-491.6	948.3	432.0	285.8	-395.3	1578.5	1939.7
Direct Investment	-40.1	165.0	-102.0	99.9	89.9	22.1	46.5	22.3	36.7	118.4	86.9	44.5
Portfolio Investment	-98.5	-311.8	260.8	-37.3	-198.2	-311.8	38.1	-268.8	-198.2	-311.8	320.2	-127.1
Other official investment	-156.0	-173.6	1.4	-236.4	-150.0	-76.1	93.7	165.2	-58.6	-76.1	579.2	-11.7
Other private Investment	258.3	324.3	471.8	263.9	154.3	96.1	394.1	377.7	217.6	96.1	552.5	434.8
Reserves	49.5	-62.7	-64.5	24.4	288.4	-222.0	375.9	135.6	288.4	-222.0	39.7	1599.1
Errors & Omissions	93.3	226.7	-511.3	-142.3	-92.6	486.5	-915.0	-372.8	-505.4	356.1	-1475.0	-1597.5

+ Revised

10: FOREIGN EXCHANGE SELLING RATES
(J$ per unit of foreign currency – end of period)

		US$	Can$	GBP £
	Mar-12	87.3000	87.6500	139.2800
FY12/13	Jun-12	88.7000	86.7100	138.6600
	Sep-12	89.9300	91.4200	145.3900
	Dec-12	92.9800	93.3100	152.6400
	Mar-13	98.8900	97.9900	151.9000
FY13/14	Jun-13	101.3800	96.7000	154.4800
	Sep-13	103.6000	100.7100	167.1600
	Dec-13	106.3800	99.7200	175.8400
	Mar-14	109.5700	98.9300	181.7700
FY14/15	Jun-14	112.2022	103.1802	191.8988
	Sep-14	112.6662	101.0142	180.2393
	Dec-14	114.6607	97.6896	177.6759
	Mar-15	115.0435	90.6202	169.9738
FY15/16	Jun-15	116.9832	93.8399	183.7774
	Sep-15	119.0553	88.6177	180.1478
	Dec-15	120.4150	84.9062	177.1179
	Mar-16	122.0421	92.5223	173.4625
FY16/17	Jun-16	126.3835	97.8795	169.8517
	Sept-16	128.2704	97.3084	166.7776
	Dec-16	128.4404	95.8778	157.4208
	Mar-17	128.6672	97.1686	159.5670
FY17/18	Jun-17	128.6228	99.3865	166.5811
	Sep-17	129.9127	105.0988	173.8791
	Dec-17	125.0004	97.3947	167.0275
	Mar-18	125.9850	97.1994	178.1109
FY18/19	Jun-18	130.3918	100.0079	172.9757
	Sep-18	134.6486	103.7023	178.1844
	Dec-18	127.7162	91.5382	159.0355
	Mar-19	126.4666	95.8862	165.5342
FY19/20	Jun-19	131.0682	101.8648	168.0812
	Sep-19	135.1591	102.3052	166.1363
	Dec-19	132.5690	100.1539	171.6232
	Mar-20	135.3908	95.3267	169.1721
FY20/21	Jun-20	140.0111	105.1658	177.1609
	Sep-20	142.1048	107.7533	185.5508
	Dec-20	142.6493	111.4117	193.6657
	Mar-21	146.5813	120.1525	202.8338
FY21/22	Jun-21	148.5164	122.7285	207.0185
	Sep-21	147.2441	117.6625	202.9298
	Dec-21	155.0878	122.7604	210.1385
	Mar-22	153.7801	123.7584	202.6811
FY22/23	Jun-22	151.5580	118.7574	184.3548

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

		(US$MN) Gross Foreign Assets	(US$MN) Gross Foreign Liabilities	(US$MN) International Reserves (Net)	Weeks of Imports Goods	Weeks of Imports Goods & Services
FY12/13	Sep-13	1,713.50	803.40	910.10	15.80	11.90
	Dec-13	1,817.60	769.70	1,047.90	17.30	12.80
	Mar-14	2,048.60	745.00	1,303.60	19.10	14.40
FY14/15	Jun-14	2,016.53	640.40	1,376.13	20.19	14.57
	Sep-14	2,715.25	514.68	2,200.57	27.79	19.66
	Dec-14	2,473.01	471.92	2,001.09	26.31	18.41
	Mar-15	2,689.74	396.06	2,293.68	28.61	20.02
FY15/16	Jun-15	2,537.27	420.76	2,116.51	29.00	19.83
	Sep-15	2,890.45	448.57	2,441.88	32.34	22.39
	Dec-15	2,890.45	479.82	2,437.01	34.61	23.45
	Mar-16	2,894.31	478.77	2,415.53	34.38	23.30
FY16/17	Jun-16	2,819.90	554.77	2,265.13	32.66	19.36
	Sep-16	3,056.16	593.15	2,463.01	36.30	24.60
	Dec-16	3,291.47	-572.10	2,719.37	38.40	22.27
	Mar-17	3,323.89	-554.72	2,769.17	38.78	22.49
FY17/18	Jun-17	3,185.65	-568.84	2,616.81	35.44	20.54
	Sep-17	3,714.94	-577.80	3,137.14	40.87	23.70
	Dec-17	3,781.17	-572.88	3,208.29	38.83	22.78
	Mar-18	3,656.91	-582.35	3,074.57	35.83	21.29
FY18/19	Jun-18	3,687.40	-551.91	3,135.49	32.49	19.80
	Sep-18	3,568.84	-542.12	3,026.72	33.14	19.67
	Dec-18	3,532.04	-526.63	3005.41	32.80	19.47
	Mar-19	3,605.18	-520.35	3,084.83	35.54	20.50
FY19/20	Jun-19	3,537.33	-502.02	3,035.31	32.88	22.62
	Sep-19	3,581.92	-483.86	3,098.05	33.45	22.82
	Dec-19	3,631.09	-468.55	3,152.53	33.80	22.94
	Mar-20	3,688.45	-450.78	3,237.67	34.27	23.22
FY20/21	Jun-20	3,905.02	-955.76	2,949.26	56.33	38.15
	Sep-20	3,713.37	-965.88	2,747.49	53.56	36.28
	Dec-20	4,081.09	-954.95	3,126.13	53.95	38.81
	Mar-21	4,243.53	-924.20	3,319.32	53.65	38.71
FY21/22	Jun-21	4,285.89	-897.18	3,388.71	42.42	30.12
	Sep-21	4,834.98	-870.77	3964.22	46.62	33.27
	Dec-21	4833.40	-832.62	4000.77	54.33	33.51
	Mar-22	4323.66	-674.81	3675.85	46.80	29.60
FY22/23	Jun-22	4389.91	-585.17	3804.75	36.11	24.49

12: VALUE ADDED BY INDUSTRY AT CONSTANT (2007) PRICES (% CHANGE)

Sep 2019 – Sep 2021– + (Seasonally Unadjusted)

(Percentage Change (%) Over the Corresponding Quarter of Previous Year)

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Total Value Added at Basic Prices	-2.3	-18.3	-10.7	-8.3	-6.6	14.2	5.9	6.7	6.4
Agriculture, Forestry & Fishing	7.8	7.9	2.5	-7.2	-1.9	15.0	7.3	13.8	8.2
Mining & Quarrying	-35.8	-25.2	-20.7	6.3	7.2	-9.2	-29.7	-60.5	-60.0
Manufacturing	2.2	-12.3	-10.8	-0.4	-1.3	13.0	3.7	-2.2	4.0
Food, Beverages & Tobacco	0.2	-9.5	-8.1	-0.7	-2.3	9.9	3.4	2.2	5.6
Other Manufacturing	5.9	-16.3	-14.6	-0.0	0.1	17.8	4.3	-7.3	1.9
Construction	-3.3	-14.5	7.0	6.3	10.5	17.4	4.4	5.8	1.37
Electricity & Water	2.1	-8.7	-7.0	-9.3	-6.9	4.0	0.6	5.9	3.5
Wholesale & Retail Trade; Repairs; Installation Of Machinery	-1.3	-15.6	-8.13	-8.8	-5.1	19.3	4.4	10.6	8.8
Hotels and Restaurants	-14.1	-85.6	-65.2	-53.8	-55.9	334.6	114.6	79.5	107.1
Transport, Storage & Communication	-2.7	-20.8	-14.8	-10.4	-7.8	13.6	8.8	10.1	8.8
Finance & Insurance Services	-1.2	-5.5	-5.6	-2.8	-1.1	2.8	3.3	2.7	0.8
Real Estate & Business Services	0.2	-5.5	-2.8	-1.3	-1.9	5.2	0.7	2.1	1.1
Government Services	0.2	0.2	0.1	0.2	0.0	0.4	0.4	-0.1	0.4
Other Services	-3.7	-44.3	-27.0	-21.6	-21.9	23.2	12.2	10.4	12.4
Less Financial Intermediation Services Indirectly Measured (FISIM)	3.1	3.9	3.7	3.9	3.7	3.8	3.6	3.2	4.4

13: USD LONDON INTERBANK OFFER RATE–LIBOR（End– of–Period)

		1-month	3-month	6-month	12-month
FY11/12	Sep-11	0.2394	0.3743	0.5578	0.8649
	Dec-11	0.2953	4.9075	0.8085	1.1281
	Mar-12	0.2413	0.4682	0.7334	1.0485
FY12/13	Jun-12	0.2458	0.4606	0.7344	1.0680
	Sep-12	0.2143	0.3585	0.6359	0.9730
	Dec-12	0.2087	0.3060	0.5083	0.8435
	Mar-13	0.2037	0.2826	0.4449	0.7315
FY13/14	Jun-13	0.1958	0.2731	0.4144	0.6902
	Sep-13	0.1789	0.2489	0.3685	0.6294
	Dec-13	0.1677	0.2461	0.3480	0.5831
	Mar-14	0.1520	0.2306	0.3289	0.5581
FY14/15	Jun-14	0.1552	0.2307	0.3268	0.5451
	Sep-14	0.1565	0.2351	0.3304	0.5786
	Dec-14	0.1713	0.2556	0.3628	0.6288
	Mar-15	0.1763	0.2708	0.4007	0.6942
FY15/16	Jun-15	0.1865	0.2832	0.4449	0.7715
	Sep-15	0.1930	0.325	0.534	0.8511
	Dec-15	0.4300	0.613	0.846	1.1780
	Mar-16	0.4370	0.6290	0.900	1.2100
FY16/17	Jun-16	0.4650	0.6540	0.9240	1.2300
	Sept-16	0.5311	0.8537	1.2397	1.5518
	Dec-16	0.7717	0.9979	1.3177	1.6857
	Mar-17	0.9828	1.1496	1.4232	1.8018
FY17/18	Jun-17	1.2239	1.2992	1.4477	1.7384
	Sep-17	1.2322	1.3339	1.5060	1.7823
	Dec-17	1.5640	1.6940	1.8370	2.1070
	Mar-18	1.8831	2.3118	2.4524	2.6626
FY18/19	Jun-18	2.0903	2.3358	2.5013	2.7641
	Sep-18	2.2606	2.3984	2.6039	2.9186
	Dec-18+	2.5027	2.8076	2.8756	3.0054
	Mar-19	2.4945	2.5998	2.6595	2.7106
FY19/20	Jun-19	2.3980	2.3199	2.2005	2.1781
	Sep-19	2.0156	2.0851	2.0556	2.0321
	Dec-19	1.7625	1.9083	1.9121	1.9962
	Mar-20	0.9930	1.4510	1.1750	0.9980
FY20/21	Jun-20	0.1623	0.3020	0.3693	0.5458
	Sep-20	0.1483	0.2339	0.2598	0.3601
	Dec-20	0.1439	0.2384	0.2576	0.3419
	Mar-21	0.1111	0.1943	0.2053	0.2831
FY21/22	Jun-21	0.1005	0.1458	0.1595	0.2463
	Sep-21	0.0803	0.1301	0.1585	0.2366
	Dec-21	0.1013	0.2091	0.3388	0.5831
	Mar-22	0.4520	0.9616	1.4699	2.1014
FY22/23	Jun-22	1.7867	2.2851	2.9351	3.6190

14: PRIME LENDING RATES (End-of-Period)

		EURO-ZONE	UNITED STATES			UNITED KINGDOM
		Repo rate	Fed Funds Rate	Discount Rate	Prime Rate	Repo rate
FY11/12	Sep-11	1.50	0 – 0.25	0.75	3.25	0.50
	Dec-11	1.00	0 – 0.25	0.75	3.25	0.50
	Mar-12	1.00	0 - 0.25	0.75	3.25	0.50
FY12/13	Jun-12	1.00	0 - 0.25	0.75	3.25	0.50
	Sep-12	0.75	0 - 0.25	0.75	3.25	0.50
	Dec-12	0.75	0 - 0.25	0.75	3.25	0.50
	Mar-13	0.75	0 - 0.25	0.75	3.25	0.50
FY13/14	Jun-13	0.50	0 - 0.25	0.75	3.25	0.50
	Sep-13	0.50	0 - 0.25	0.75	3.25	0.50
	Dec-13	0.25	0 - 0.25	0.75	3.25	0.50
	Mar-14	0.25	0 - 0.25	0.75	3.25	0.50
FY14/15	Jun-14	0.15	0 - 0.25	0.75	3.25	0.50
	Sep-14	0.05	0 - 0.25	0.75	3.25	0.50
	Dec-14	0.05	0 - 0.25	0.75	3.25	0.50
	Mar-15	0.05	0 - 0.25	0.75	3.25	0.50
FY15/16	Jun-15	0.05	0 - 0.25	0.75	3.25	0.50
	Sep-15	0.05	0 - 0.25	0.75	3.25	0.50
	Dec-15	0.05	0 - 0.50	1.00	3.50	0.50
	Mar-16	0.00	0 - 0.50	1.00	3.50	0.50
FY16/17	Jun-16	0.00	0 - 0.50	1.00	3.50	0.50
	Sept-16	0.00	0 – 0.50	1.00	3.50	0.25
	Dec-16	0.00	0 .50– 0.75	1.25	3.75	0.25
	Mar-17	0.00	0.75–1.00	1.50	4.00	0.25
FY17/18	Jun-17	0.00	1.00–1.25	1.75	4.25	0.25
	Sep-17	0.00	1.00–1.25	1.75	4.25	0.25
	Dec-17	0.00	1.25-1.50	2.00	4.50	0.50
	Mar-18	0.00	1.50-1.75	2.25	4.75	0.50
FY18/19	Jun-18	0.00	1.75-2.00	2.50	5.00	0.50
	Sep-18	0.00	2.00-2.25	2.75	5.25	0.75
	Dec-18	0.00	2.25–2.50	3.00	5.50	0.75
	Mar-19	0.00	2.25–2.50	3.00	5.50	0.75
FY19/20	Jun-19	0.00	2.25-2.50	3.00	5.50	0.75
	Sep-19	0.00	1.75-2.00	2.50	5.00	0.75
	Dec-19	0.00	1.5-1.75	2.25	4.75	0.75
	Mar-20	0.00	0-0.25	0.25	3.25	0.10
FY20/21	Jun-20	0.00	0.0-0.25	0.25	3.25	0.10
	Sep-20	0.00	0.0-0.25	0.25	3.25	0.10
	Dec-20	0.00	0.0-0.25	0.25	3.25	0.10
	Mar-21	0.00	0.0-0.25	0.25	3.25	0.10
FY21/22	Jun-21	0.00	0.0-0.25	0.25	3.25	0.10
	Sep-21	0.00	0.0-0.25	0.25	3.25	0.10
	Dec-21	0.00	0.0-0.25	0.25	3.25	0.25
	Mar-22	0.00	0.25-0.50	0.50	3.50	0.75
FY22/23	Jun-22	0.00	1.50-1.75	1.75	4.75	1.25

15: INTERNATIONAL EXCHANGE RATES

		Sterling vs. US$	Canadian $ vs. US$	Yen vs. US$	Euro vs. US$
FY12/13	Jun-12	0.6376	1.0191	79.8040	0.7894
	Sep-12	0.6199	0.9837	77.9480	0.7779
	Dec-12	0.6150	0.9949	86.6630	0.7584
	Mar-13	0.6588	1.0156	94.0370	0.7787
FY13/14	Jun-13	0.6575	1.0512	99.1700	0.7687
	Sep-13	0.6181	1.0285	98.3270	0.7389
	Dec-13	0.6034	1.0636	105.2030	0.7258
	Mar-14	0.6012	1.1053	103.0100	0.7259
FY14/15	Jun-14	0.5846	1.0676	101.2900	0.7305
	Sep-14	0.6168	1.1196	109.6491	0.7917
	Dec-14	0.6418	1.1614	119.8035	0.8264
	Mar-15	0.6737	1.2679	119.9472	0.9321
FY15/16	Jun-15	0.6737	1.2483	122.1001	0.8966
	Sep-15	0.6609	1.3394	119.6745	0.8943
	Dec-15	0.6786	1.3837	120.2501	0.9206
	Mar-16	0.6964	1.3004	112.5746	0.8787
FY16/17	Jun-16	0.7513	1.2925	103.1779	0.9004
	Sept-16	0.7709	1.3127	101.3377	0.8901
	Dec-16	0.8104	1.3439	117.0001	0.9508
	Mar-17	0.7968	1.3317	111.3958	0.9388
FY17/18	Jun-17	0.7677	1.2963	112.3469	0.8752
	Sep-17	0.7464	1.2470	112.5239	0.8465
	Dec-17	0.7400	1.2571	112.6888	0.8330
	Mar-18	0.7135	1.2895	106.2812	0.8114
FY18/19	Jun-18+	0.7572	1.3134	110.6929	0.8559
	Sep-18	0.7601	1.3043	111.8443	0.8559
	Dec-18	0.7841	1.3639	109.6131	0.8721
	Mar-19	0.7672	1.3349	110.8525	0.8914
FY19/20	Jun-19	0.7876	1.3094	107.8865	0.8793
	Sep-19	0.8161	1.3224	106.3943	0.9062
	Dec-19	0.7543	1.2990	108.6366	0.8918
	Mar-20	0.8052	1.4067	107.5384	0.9065
FY20/21	Jun-20	0.8064	1.3576	107.9331	0.8902
	Sep-20	0.7740	1.3321	105.4519	0.8532
	Dec-20	0.7315	1.2734	103.3165	0.8186
	Mar-21	0.7255	1.2561	110.7174	0.8525
FY21/22	Jun-21	0.7230	1.2398	111.1111	0.8429
	Sep-21	0.7422	1.2682	111.2718	0.8636
	Dec-21	0.7390	1.2639	115.1145	0.8795
	Mar-22	0.7612	1.2508	121.6989	0.9036
FY22/23	Jun-22	0.8212	1.2873	135.7405	0.9538

16: WORLD COMMODITY PRICES (Period Averages)

		CRUDE OIL PRICES		FOOD	
		North Sea Brent (US$/barrel – f.o.b.)	West Texas Intermediate (US$/barrel – f.o.b.)	Wheat (US$/mt, Average Winter)	Coffee (USc/kg, Arabica brand)
FY11/12	Jun-11	117.10	102.56	320.60	636.54
	Sep-11	112.48	89.76	293.06	597.37
	Dec-11	109.29	94.06	265.07	536.18
	Mar-12	118.60	102.94	268.88	486.95
FY12/13	Jun-12	108.86	93.50	260.39	400.35
	Sep-12	109.95	92.22	341.46	399.96
	Dec-12	110.45	88.19	346.48	357.12
	Mar-13	112.91	94.40	309.51	335.49
FY13/14	Jun-13	103.01	94.23	294.50	319.86
	Sep-13	110.10	105.83	281.76	298.23
	Dec-13	109.41	97.48	292.20	276.82
	Mar-14	107.88	98.67	280.67	382.67
FY14/15	Jun-14	109.78	102.98	292.86	467.06
	Sep-14	102.08	97.07	238.17	455.92
	Dec-14	76.01	73.16	248.61	464.59
	Mar-15	53.93	48.63	231.09	389.21
FY15/16	Jun-15	62.10	57.97	210.64	354.39
	Sep-15	50.03	51.52	189.86	336.22
	Dec-15	43.41	42.18	190.10	327.74
	Mar-16	34.36	33.45	190.23	330.86
FY16/17	Jun-16	45.95	45.50	183.79	346.71
	Sept-16	45.80	44.94	156.02	378.80
	Dec-16	50.08	49.29	156.18	385.71
	Mar-17	54.12	51.91	165.66	364.09
FY17/18	Jun-17	50.25	48.28	177.79	329.68
	Sep-17	51.74	48.20	183.94	327.83
	Dec-17	61.47	55.40	177.43	307.79
	Mar-18	66.95	62.87	190.71	301.42
FY18/19	Jun-18	74.49	67.88	210.30	296.87
	Sept-18	75.48	69.50	215.61	277.04
	Dec-18	67.37	58.81	211.01	295.09
	Mar-19	63.27	54.90	212.06	279.84
FY19/20	Jun-19	68.34	59.81	204.21	272.94
	Sept-19	61.86	56.45	195.06	287.03
	Dec-19	62.65	56.96	214.61	311.92
	Mar-20	50.53	46.17	227.33	312.86
FY20/21	Jun-20	31.43	27.85	209.22	327.55
	Sep-20*	42.72	40.93	221.73	350.23
	Dec-20*	44.52	42.66	259.70	337.70
	Mar-21*	60.57	57.85	279.58	358.41
FY21/22	Jun-21*	68.63	66.09	279.93	401.93
	Sep-21*	73.00	70.57	291.80	474.39
	Dec-21*	79.58	77.22	339.47	564.40
	Mar-22	98.96	94.29	391.38	594.78
FY22/23	Jun-22	112.75	108.53	453.79	587.64

*Revised

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).

Basis Point (bp): This is a unit of percentage measure which is equal to one hundredth of one percent (0.01% = 1bp). Basis points is commonly used when discussing interest rates and fixed income securities.

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

Brexit: Brexit has become the abbreviated way of refering to the United Kingdon (UK) leaving the European Union (EU) it combines the words British and exit. The referndum where citizens of the UK voted to exit the EU took place on the June 23, 2016.

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 months.

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 defined 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 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 entitlement to property ownership, or claim on income e.g. bonds and stocks.

Signal Rate: Effective 1 July 2017, the Bank of Jamaica policy rate is the interest rate paid on overnight deposits held by deposit-taking iinstitutions ("DTIs") at Bank of Jamaica.

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

	44	Exploring the Jamaican Foreign Exchange Market Dynamics: 2001 – 2004 (Special Feature)
Jan – Mar 2005	45	The BOJ Macroeconomic Stress Testing Programme and Financial Stability
	46	Issues of Foreign Reserve Adequacy
Apr – Jun 2005	47	Credit Bureaux and Financial Market Efficiency
	48	Trends in Labour Productivity
Jul – Sep 2005	49	Inflation in Selected Caribbean Countries
	50	International Developments (Special Feature)
Oct – Dec 2005	51	Payment Systems Reform
Jan – Mar 2006	52	The IMF's Code of Good Practices on Transparency on Monetary policy: A Summary of the IMF's Assessment Report on Jamaica
Apr – Jun 2006	53	Trends in Private Sector Credit: FY2001/02 to FY2005/06
	54	Exploring the Interest Rate Differential between Jamaica Dollar and US Dollar Denominated Assets: Jan 2001 – June 2006
	55	Jamaica Labour Market: Trends and Key Indicators – 1996 to 2005
Jul – Sep 2006	56	Labour Market Update – June 2006
	57	The Special (Upper Income) Consumer Price Index
	58	Jamaica Interim Staff Report Under Intensified Surveillance: Executive Summary
Oct – Dec 2006	59	Factors Influencing the Demand for Currency Issued by the BOJ & the Impact of Currency Demand on the Balance Sheet of Financial Institutions
Jan – Mar 2007	60	Jamaica's Financial Programme
	61	Inflation Expectation Survey
	62	The Producer's Price Index
Apr – Jun 2007	63	Measuring Core Inflation: Emerging Issues
Jul – Sep 2007	64	The Turbulence in the US Subprime Mortgage Market
	65	The Revised Consumer Price Index
Oct – Dec 2007	66	Trends in Jamaica's Fuel Demand
	67	Trends in Inflation
	68	The EU-CARIFORUM Economic Partnership Agreement
Jan – Mar 2008	69	Impact of a Potential US Recession on the Jamaican Economy
	70	Recent Trends in International Commodity Prices
Apr – Jun 2008	71	Global Monetary Policy Response to Spiralling Commodity Prices
Jan – Mar 2009	72	BOJ's Monetary Policy Response to the Global Financial Crisis
	73	The Transmission of Monetary Policy in Jamaica
	74	Monetary Policy, Economic Growth and Inflation
Apr – Jun 2009	75	The International Monetary Fund (IMF) and Jamaica's Experience with the IMF
Jul – Sep 2009	76	Fiscal Responsibility Frameworks/Fiscal Rules
Oct – Dec 2009	77	Bank of Jamaica Liquidity Support to the Government: November 2009 – January 2010
	78	The Dynamics of Jamaica's Interest Rate
	79	Jamaica's Medium-Term Economic & Financial Programme: FY2009/10 – FY2013/14
Jan – Mar 2010	80	Jamaica's Inflation: How Much is Enough?
	81	The Jamaica Debt Exchange
Apr – Jun 2010	82	Exchange Rates and External Price Competitiveness
	83	Adequacy of the BOJ's Gross International Reserves
Jul – Sep 2010	84	Preserving Financial Stability (revisited)
	85	Credit Bureaux and the Efficiency of Credit Markets (updated)
Oct – Dec 2010	86	An Inflation Targeting Framework for Jamaica
Jan – Mar 2011	87	The Middle East and North Africa (MENA) Crisis and its Implication for the Jamaican Economy
Apr – Jun 2011	88	Evolution of the European Debt Crisis & its Impact on Jamaica
Jul – Sep 2011	89	Electronic Small-Value Retail Payments: Recent Trends and the Relationship with Economic Growth
Oct – Dec 2011	90	Productivity and Growth
Jan – Mar 2012	91	External Competitiveness in Jamaica
Apr – Jun 2012	92	The Importance of Managing Inflation Expectations

Jul – Sep 2012	93	A Preliminary Assessment of the Impact of Hurricane Sandy on Prices – Results from a Field Survey
Oct – Dec 2012	94	Fiscal Expenditure Multipliers and Economic Growth
Jan – Mar 2013	95	Jamaica's Medium-Term Economic & Financial Programme: FY2013/14 – FY2017/18
Apr – Jun 2013	96	The Evolution of the Jamaica Dollar Liquidity and its Impact on Money Market Rates: January to June 2013
	97	Recent Trends and Developments in Remittances
Jan – Mar 2014	98	The Bank of Jamaica's Quarterly Credit Conditions Survey (recurrent)
Apr – Jun 2014	99	Jamaica's Macroeconomic Programme under the EFF (recurrent)
	100	Monetary Policy Transmission Mechanism (recurrent)
Jul – Sept 2014	101	Changes to the Liquidity Management Framework for Deposit-taking Institutions
Oct – Dec 2014	102	Recent Developments in Crude Oil Prices
Jan – Mar 2014	103	An Examination of Current Account Financing from the BPM6 Perspective
Jul – Sept 2015	104	Inflation Differential
	105	Trends in selected measures of Labour Productivity
Oct – Dec 2015	106	Impact of Increases in the Federal Funds Rate on the Jamaican Economy
	107	A technical examination of the recent stock market appreciation
Jan – Mar 2016	108	Macroeconomic Model (MonMod) Component Contribution to Inflation (recurrent)
	109	Businesses' Inflation Expectations Survey (recurrent)
Apr – Jun 2016	110	Implication of "Brexit on the Jamaican Economy"
	111	Corporate Securities
Jul – Sep 2016	112	Strengthening Monetary Transmission, Fine-tuning BOJ Interest Rate Corridor
	113	Developments and Trends in Credit Reporting in Jamaica
Oct – Dec 2016	114	Recent Developments and Prospects for the International Oil Market
	115	Jamaica's Macroeconomic Programme under the new SBA (recurrent)
Jan – Mar 2017	116	A Review of the Performance of Government of Jamaica Global Bonds
	117	BOJ Signals Upgrade of FX Market Operations
Apr – Jun 2017	118	BOJ's New Foreign Exchange Intervention & Trading Tool
	119	Analysis of the improving Trend in DTIs' Non-Performing Loans for the Five Years ended December 2016
Oct – Dec 2017	120	Global Economic Growth in Selected Economies
Apr – Jun 2018	121	Why Inflation was Lower than Target
	122	Moody's Investors Service Rating Action
Oct – Dec 2018	123	Recent Developments and Prospects for the International Oil Market
	124	Economic Growth in Selected Economies (recurrent)
	125	Credit Conditions Survey (recurrent)
Apr – Jun 2019	126	The impact of Jamaica's transition to LNG on electricity rates
Jan – Mar 2020	127	Assessment of the COVID-19 Epidemiological Curve
Apr – Jun 2020	128	The New Consumer Price Index
	129	COVID-19 Developments
Jul – Sep 2020	130	The Impact of Regulated Price Increases on Inflation
Oct – Dec 2020	131	Quarterly Non-Cash Means of Payment Assessment (recurrent)
Apr – Jun 2021	132	Potential Output
Oct – Dec 2021	133	Assessment of Inflation Developments and Monetary Policy Response: Select Economies