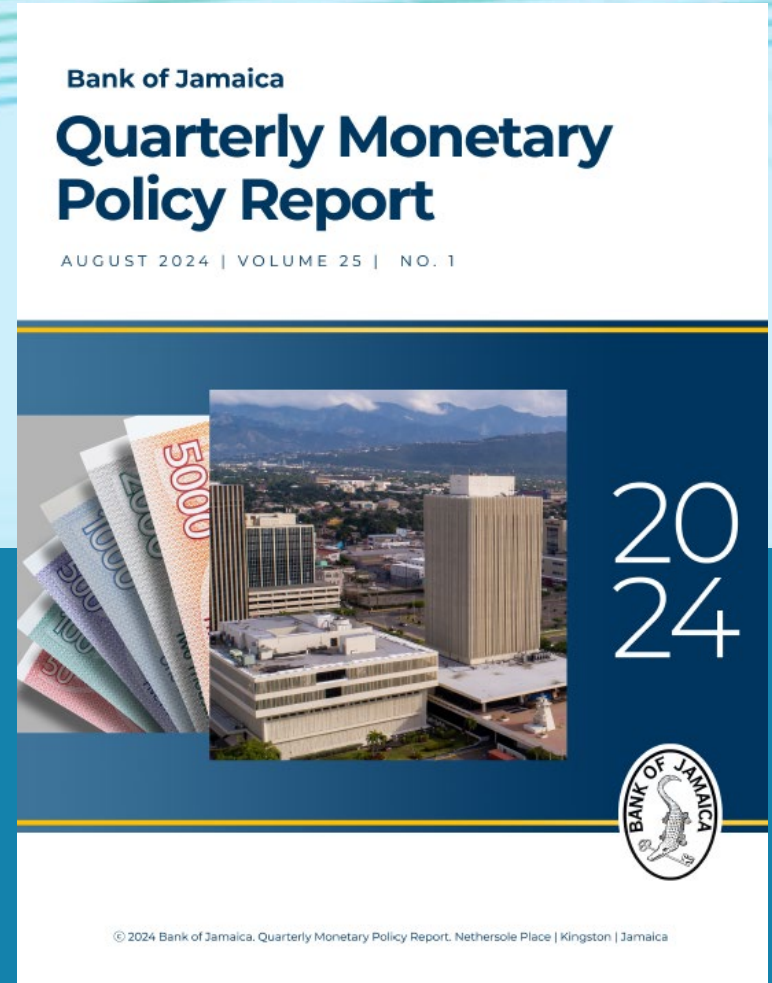




BANK OF JAMAICA

Quarterly Monetary Policy Report

Press Conference
21 August 2024



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[Download Press Briefing Speech – Governor Richard Byles](#)

The Bank's Outreach Programme



- **Press Conference and Outreach Programme in the North/West**
- **Others to follow**

Policy Decisions – August 2024

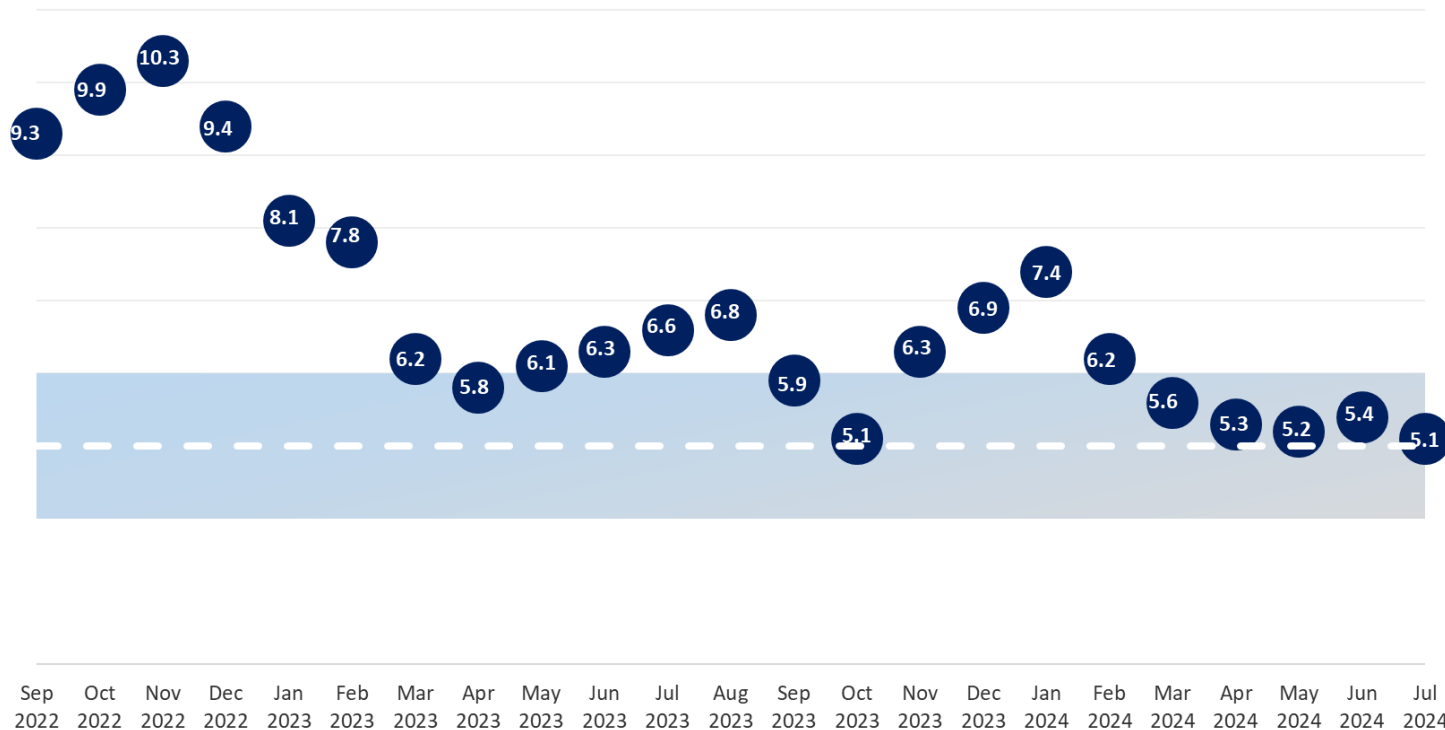
Effective today, 21 August, the Bank

- Has reduced the Policy Rate by 25 basis points to **6.75%**
- Will continue to gradually reduce BOJ's absorption of liquidity from DTIs through open market operations.
- Will continue to strive to preserve relative stability in the foreign exchange market.

Past policy decision has already injected liquidity and significantly reduced money market rates

Inflation within the Target Range for the fifth consecutive month....

Annual headline inflation at July 2024, as reported by STATIN, was **5.1%**, the 5th consecutive month in which inflation fell within the Bank's target range.



- ✓ Core inflation at July 2024 was **4.5%**, representing a progressive lowering of underlying inflation since the start of 2024.

The MPC's assessment of the economic conditions...

- **Fiscal policy will continue to pose no risk to inflation over the near term**
- **The lagged impact of the Bank's relatively tight monetary policy posture also continues to have an impact on the economy.**

Domestic Demand conditions are moderating...



- ✓ **Real GDP for March 2024 quarter grew by 1.4%, lower than the growth for the December 2023 quarter.**
- ✓ **There are signs that economy slowed further in the June 2024 quarter.**

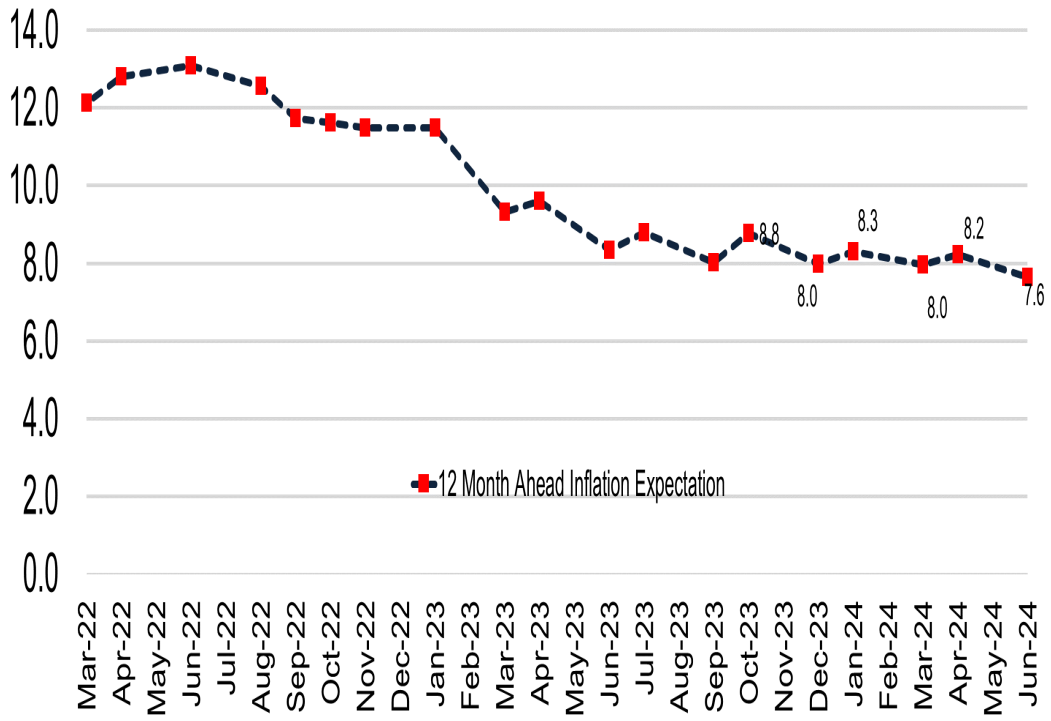
GDP for the September 2024 quarter is projected to contract given the impact of the hurricane and the underlying direction of economic activity

...bank loans to the private sector weak



- **Against the background of the lower economic growth, the net flow of new domestic currency loans to the private sector for the June 2024 quarter was lower than the flows in both the March 2024 and the June 2023 quarters.**

Inflation expectations on a downward path...



- In the Bank's June 2024 survey, respondents lowered their expectations for inflation 12-months ahead to 7.6% from 8.2%.

The exchange rate stable...

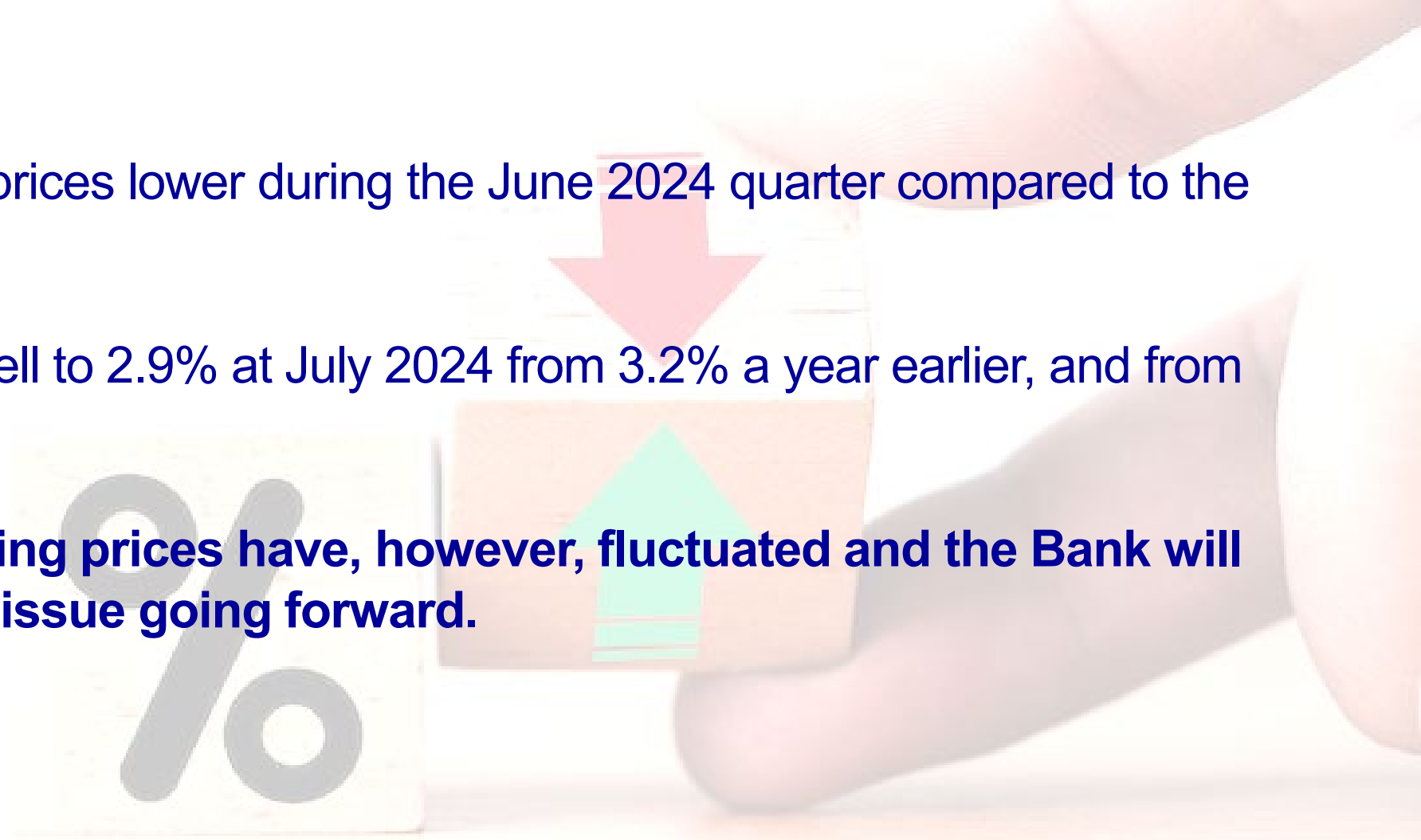


- ... depreciating by **1.4%** Y-T-Y at 12 August 2024.
- BOJ continues to maintain a presence in the market
- ... but NIR at end-July 2024 remained strong

Stability reflects surplus on the current account of the BOP for the December 2023 quarter, as well as the positive outlook for the BOP over the next year

Domestic price level also supported by external conditions...

- ✓ International grain prices lower during the June 2024 quarter compared to the June 2023 quarter.
- ✓ Inflation in the US fell to 2.9% at July 2024 from 3.2% a year earlier, and from 9.1% at July 2022.
- ✓ **Energy and shipping prices have, however, fluctuated and the Bank will keenly watch this issue going forward.**



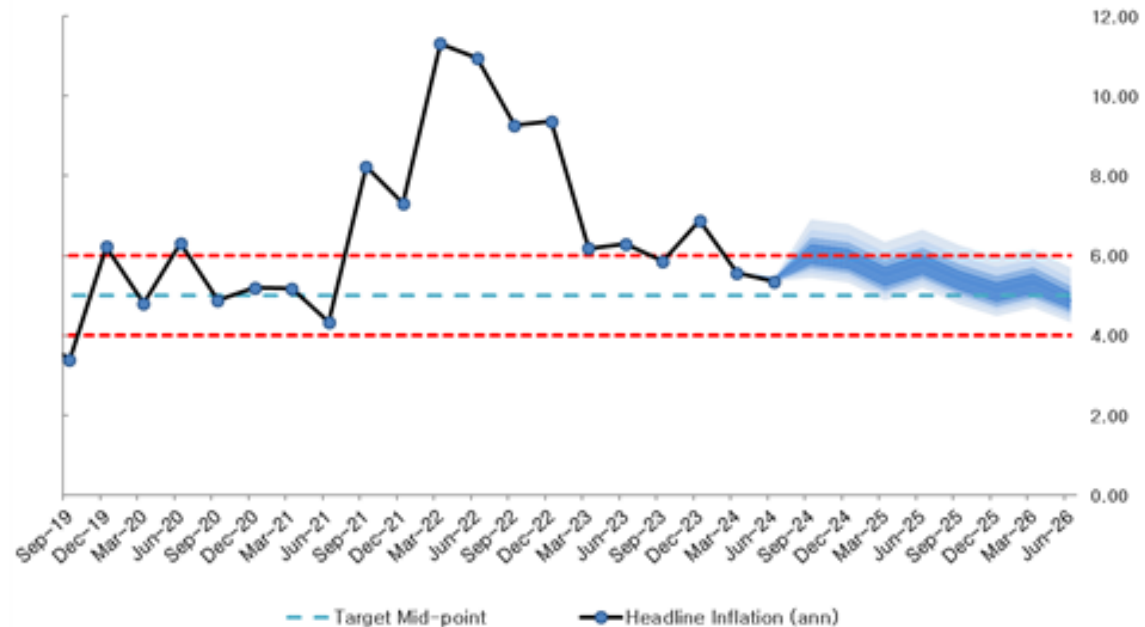
Jamaica's resilience tested by passage of hurricane Beryl...



- ✓ Infrastructure damage is estimated to be significant.
- ✓ Preliminary estimates of damage and loss to Agriculture and Fisheries sector **\$5.7 billion (0.2% of GDP)**

Outlook for Inflation

Inflation is projected to temporarily rise and breach the upper end of the target range between August and December 2024...



Projection reflects negative impact of Hurricane Beryl on agricultural supplies and related increases in other consumer prices.

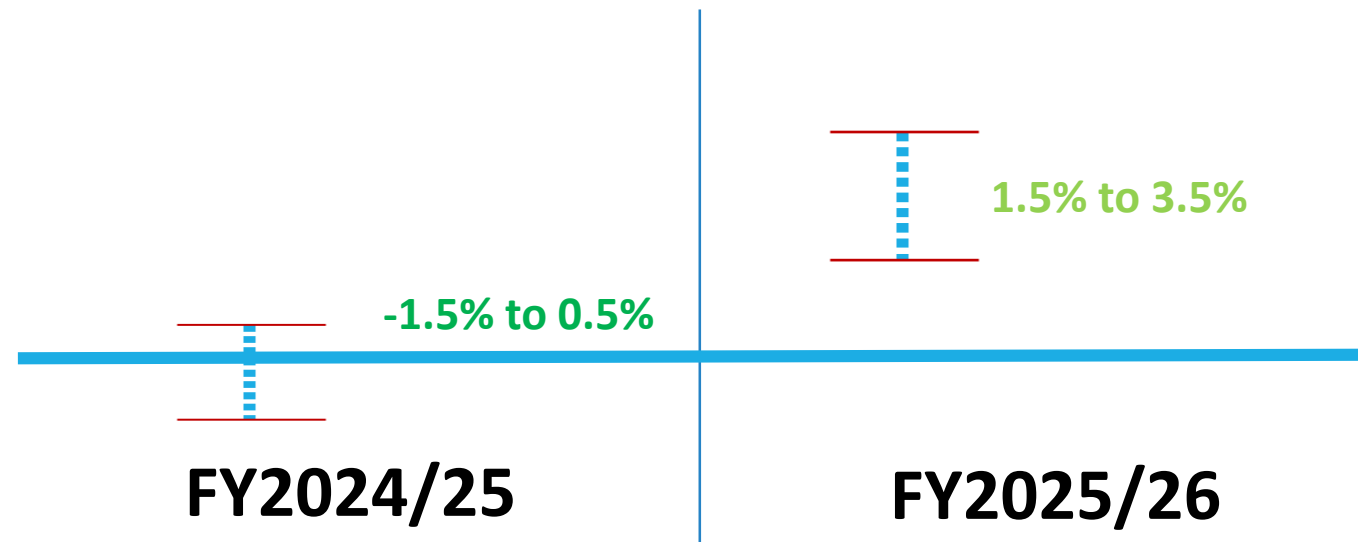
Inflation projected to return to the target range shortly after the December 2024 quarter.

Outlook for Demand Conditions...

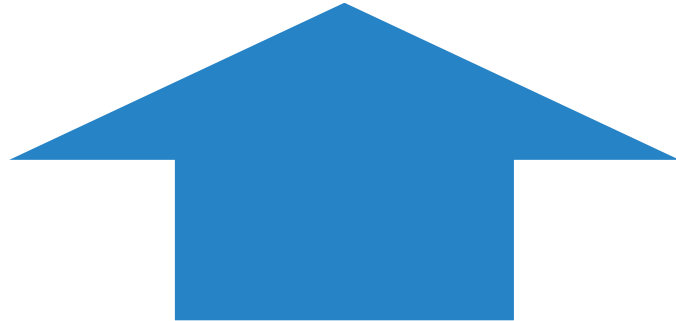
Projection for FY2024/25 largely reflects:

- Anticipated adverse impact of hurricane Beryl
- Contractions in Agriculture, Forestry & Fishing and Construction

Projected GDP Growth



The risks to inflation forecast are balanced...



Upside Risks:

- Rising international shipping costs
- Worse-than-anticipated impact of Hurricane Beryl and other adverse weather conditions



Downside Risk:

- Weaker-than-projected global growth which could reduce domestic demand and imported inflation



Future Monetary Policy Decisions

Future monetary policy decisions to reduce interest rates will continue to depend on incoming data.



The primary mandate of Bank of Jamaica is to maintain inflation firmly between 4.0 and 6.0%...



Bank of Jamaica remains resolute in this commitment.