



BANK OF JAMAICA

Quarterly Monetary Policy Report Press Conference

25 November 2024



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Bank of Jamaica

Quarterly Monetary Policy Report

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Policy Decisions – November 2024

Effective 22 November, the Bank's

- Policy Rate lowered by 25 basis points to **6.25%**
- Ensure continued stability in the foreign exchange market.

The decision to further ease monetary policy reflects the Committee's view that following the temporary impact of Hurricane Beryl on prices, inflation is becoming more anchored in the Bank's target range and the inflation outlook has improved.

Future Monetary Policy Decisions

However, in the context of some emerging uncertainties, the MPC also noted that, future interest rate adjustments will, of necessity, be gradual and will continue to depend on the incoming data.



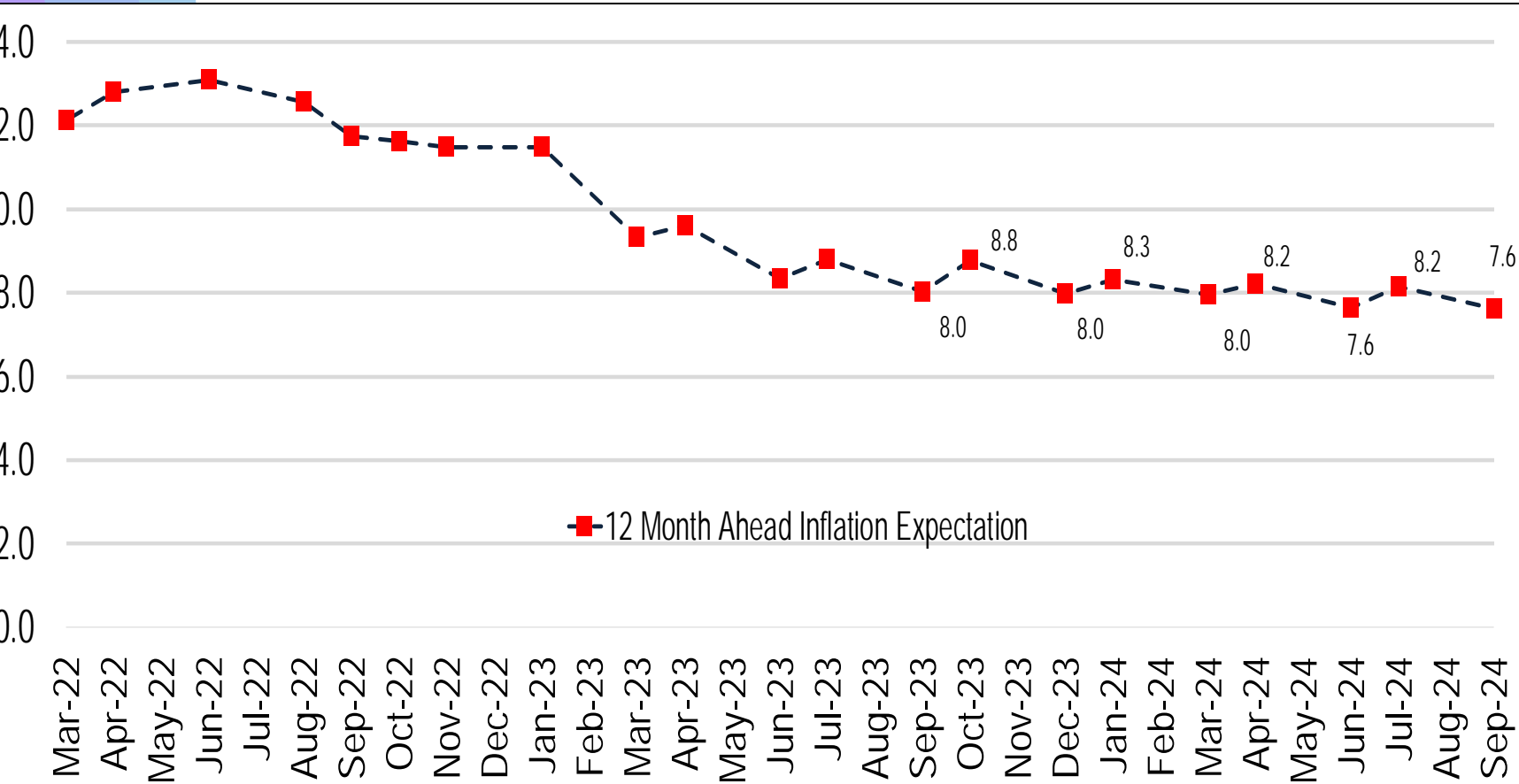
Inflation becoming more anchored in the Bank's target range....

Annual headline inflation at October 2024, as reported by STATIN, was **4.9%**, lower than 5.7% at September 2024 and lower than the Bank's most recent forecast.



✓ Core inflation at October 2024 was **4.5%**, representing the 16th consecutive month below 6.0%.

Inflation expectations remain on a consistent downward path...



Bank's September 2024 survey, identifies lowered their inflation expectations for inflation 12-months to 7.6%.

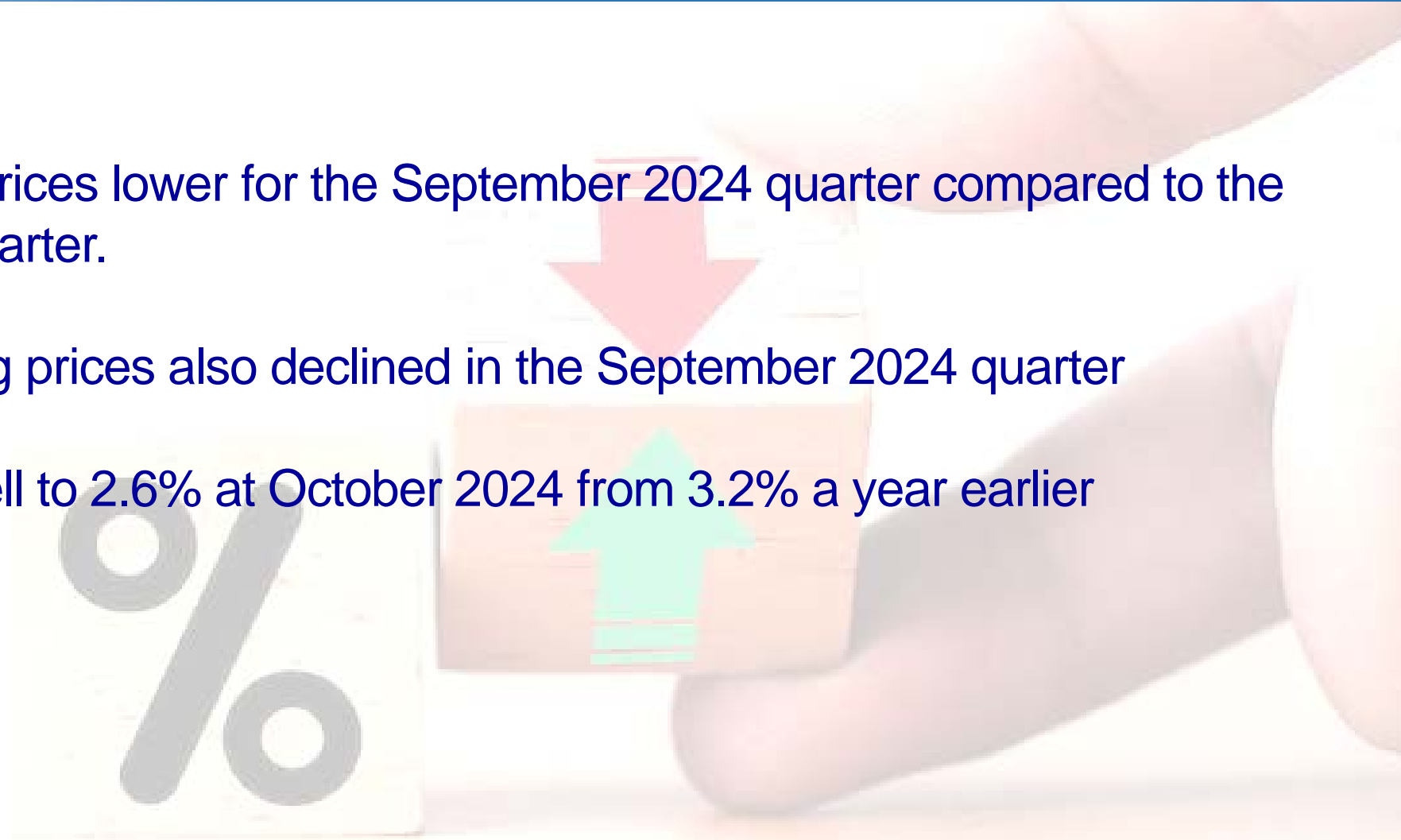
Change in the Exchange rate and Businesses' expectations about the pace of depreciation in the future have remained fairly stable...



- The exchange rate depreciated by **2.1%** Y-T-Y at 19 November 2024, a mild uptick when compared to 1.1% depreciation for the same period a year earlier
- The foreign exchange market has been adequately supported by the Bank's use of its foreign reserves to augment flows in the market
- NIR at end-October 2024 remained strong at US\$5.7 billion

Domestic price level also supported by external conditions...

- ✓ International grain prices lower for the September 2024 quarter compared to the September 2023 quarter.
- ✓ Energy and shipping prices also declined in the September 2024 quarter
- ✓ Inflation in the US fell to 2.6% at October 2024 from 3.2% a year earlier



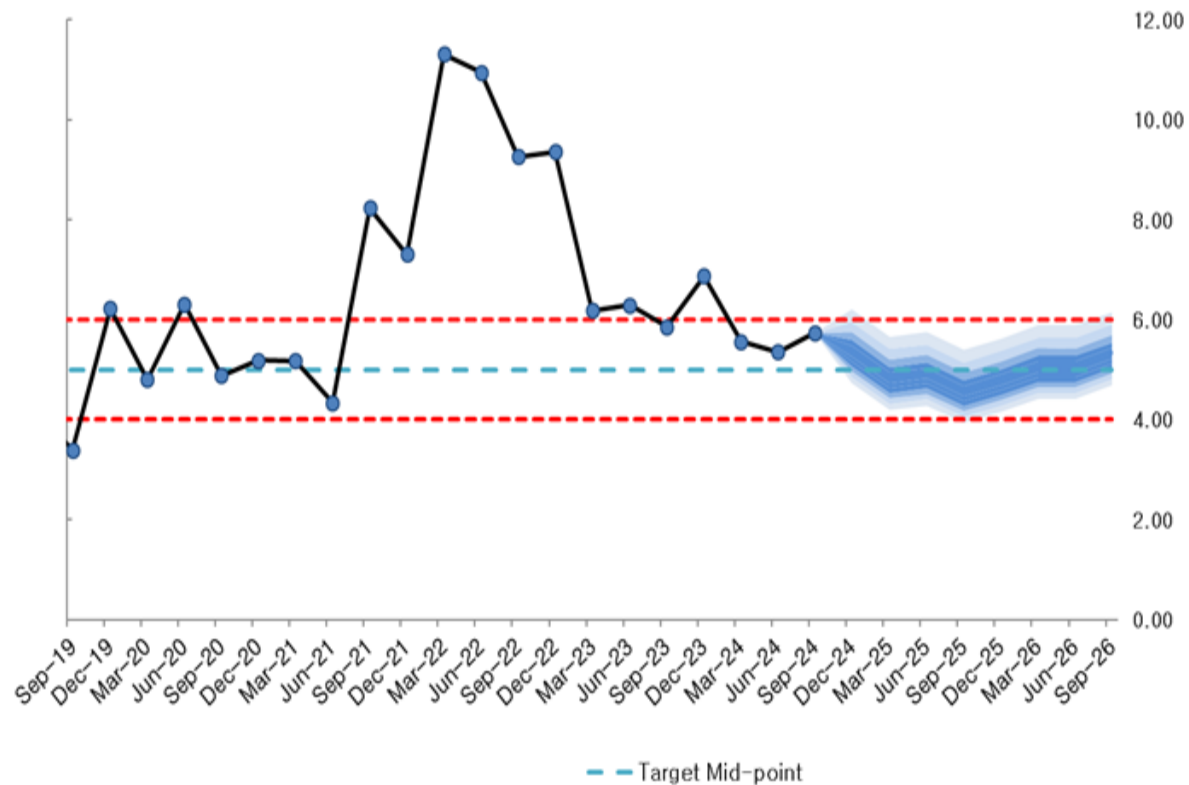
Demand in the economy continues to moderate...



- ✓ **Jamaican economy estimated by the PIOJ to have contracted by 2.8% for September 2024 quarter, in contrast to growth of 0.2% for June 2024 quarter**
- ✓ **The decline mainly reflected a contraction in domestic crop production and in the mining sector due to the hurricane.**
- ✓ **Jamaican economy estimated to contract within the range of -1.0 to 0.0% for the December 2024 quarter.**

Outlook for Inflation

Inflation is projected to broadly remain within the Bank's target range over the next two years.



- The current outlook for inflation is lower than the previous forecast.
- This downward revision mainly reflects lower transport-related and processed food price inflation.

The risks to inflation forecast are skewed to the upside...



Upside Risks:

- Potential economic policy changes among Jamaica's main trading partners
- Further escalation in geopolitical tensions adversely affecting international supply chains
- Worse-than-anticipated weather conditions
- Labour market pressures

Downside Risk:

- Lower than projected demand could influence lower inflation



Outlook for Demand Conditions...

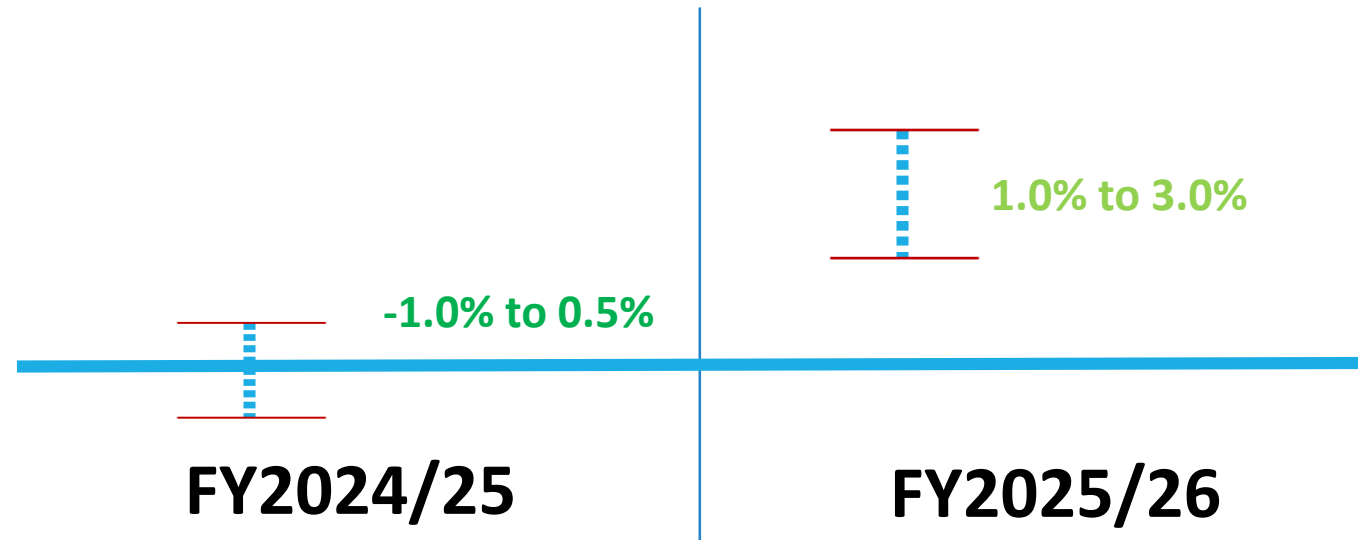
Projection for FY2024/25 largely reflects:

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

Projection for FY2025/26 reflects:

- Normalization in economic activity following declines in FY2024/25

Projected GDP Growth



To conclude...



- ✓ **Inflation is being lowered firmly within the target range of 4.0 to 6.0%**
- ✓ **Bank of Jamaica is committed to continuing to achieve its primary mandate of price stability**
- ✓ **Foreign exchange market stability is a significant contributor to price stability, and the Bank is equally committed to maintaining stability in the foreign exchange market.**