



BANK OF JAMAICA

Quarterly Monetary Policy Report

Press Conference

21 August 2025



[Download Quarterly Monetary Policy Report \(August 2025\)](#)



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

Bank of Jamaica

Quarterly Monetary Policy Report

AUGUST 2025 | VOLUME 26 | NO. 1



20
25



© 2025 Bank of Jamaica. Quarterly Monetary Policy Report. Nethersole Place | Kingston | Jamaica

Policy Decision – August 2025

The MPC deliberations on the Bank's policy stance was against the background of:

- ✓ **Low domestic inflation**
- ✓ **Continued growth in the Jamaican economy**
- ✓ **Sound external account**
- ✓ **Record high levels of reserves**

Also considered uncertainties in the global economy.



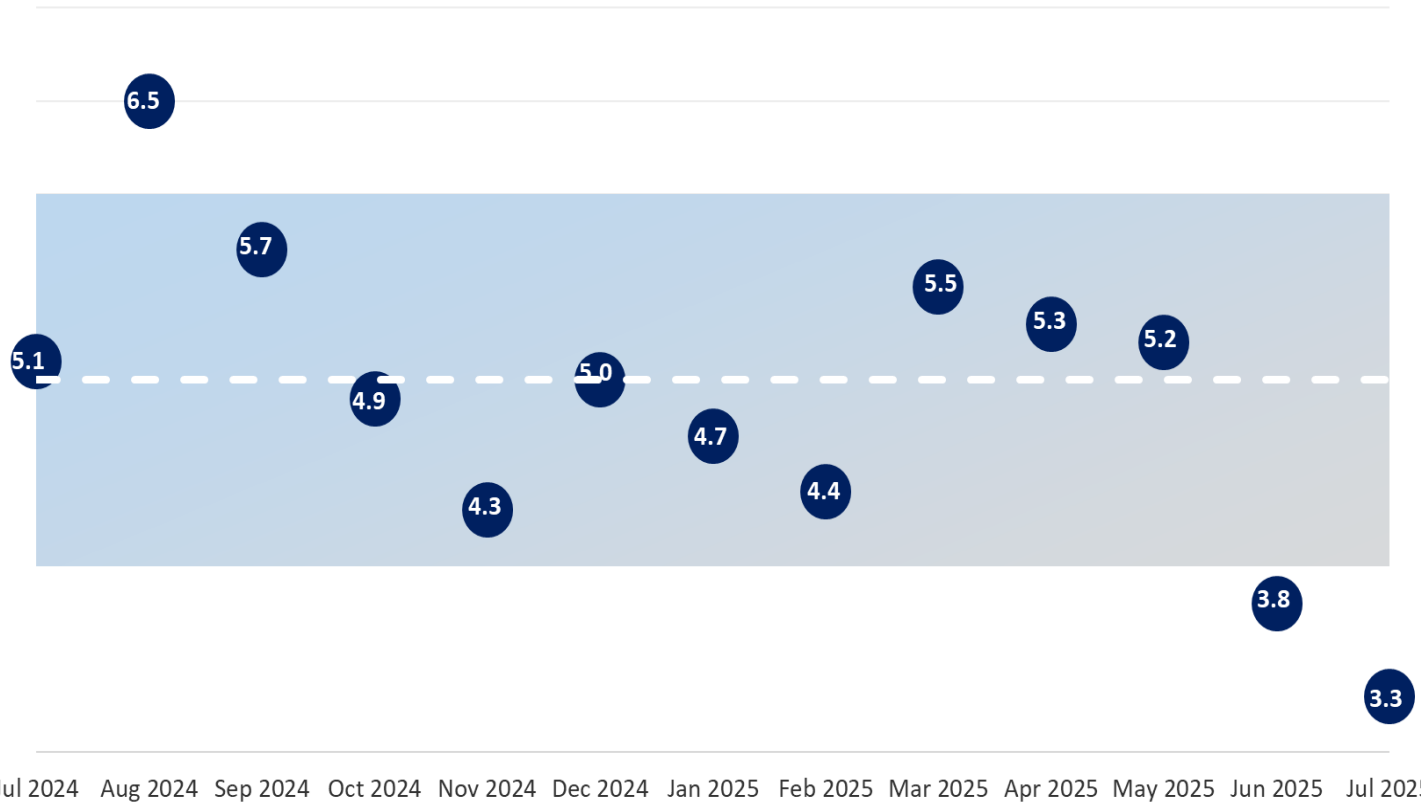
Policy Decision – August 2025

The current stance of monetary policy remains appropriate to support the containment of inflation within the Bank's target range.

The MPC unanimously agreed to:

- **Maintain the policy rate at 5.75% per annum; and**
- **Continue to pursue measures to preserve relative stability in the foreign exchange market.**

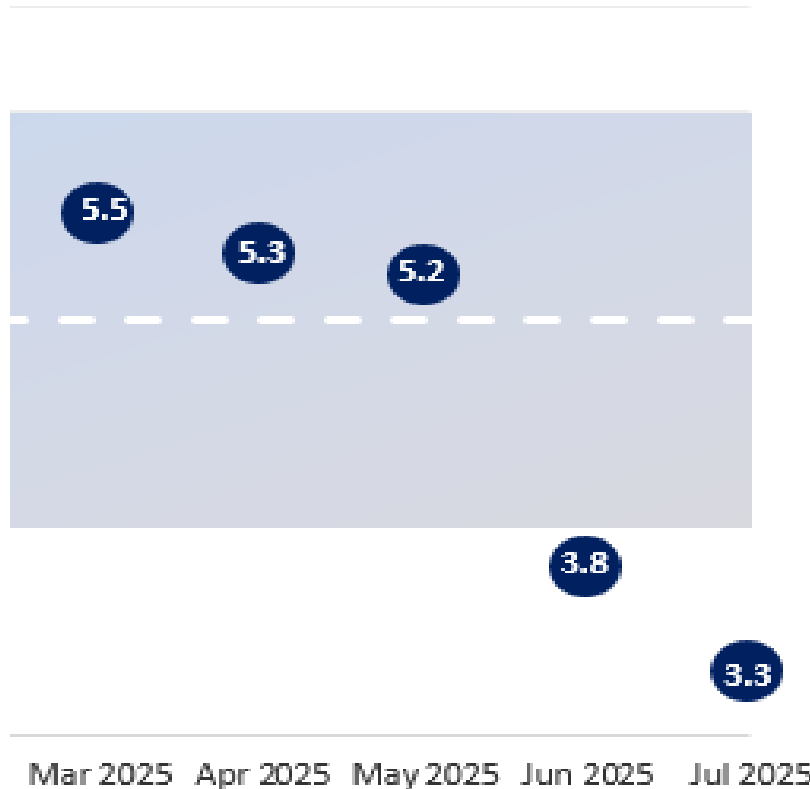
Recent inflation outturns below lower end of the Bank's inflation target...



Headline inflation at July 2025 was **3.3%**, lower than the outturn a year ago and below lower end of the Bank's inflation target.

Core inflation at July 2025 was **4.3%**, below the rate at July 2024.

Breach of the lower end of the target due to Temporary factors

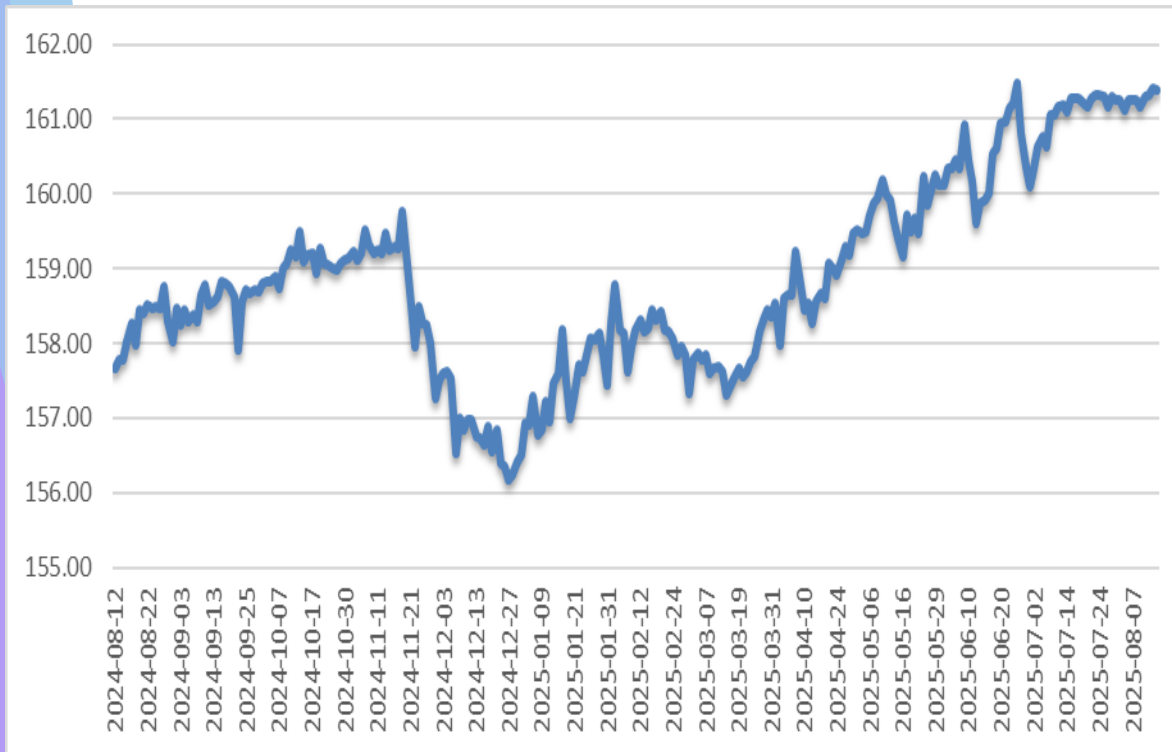


Significant reduction in headline inflation due to impact of a set of temporary factors:

- ☐ The ending of the impact of previous increases in public transport fares and the no new increase.
- ☐ The effect of the reduction in the GCT rate on electricity prices
- ☐ Faster pace of reduction in agricultural prices.

Inflation also anchored by falling energy prices and stable inflation expectations

Higher than usual volatility experienced in FX market due to temporary factors...



- Uncertainties about developments in the global economy
- Movement of the rate through a psychological threshold
- Narrowing of the gap between domestic market rates and those in external markets.

Expectations about exchange rate depreciation may have also increased ...



Indicated by:

- Increases in Net Open Positions
- Dollarisation ratio increased in May

..but the current account remains in surplus...



- ✓ ...reflecting continued growth in remittance inflows and tourism arrivals, despite the policy changes in the external environment.
- ✓ At 12 August, **Jamaica's gross international reserves are historically high and healthy**, amounting to US\$6.2 billion or 148% of the measure considered adequate.

And expectations have normalised...

The Bank remains committed to presiding over the policy of maintaining a flexible exchange rate regime.



- *So long as inflation in Jamaica over the long run exceeds that of its main trading partners, the exchange rate will fluctuate around a trend.*

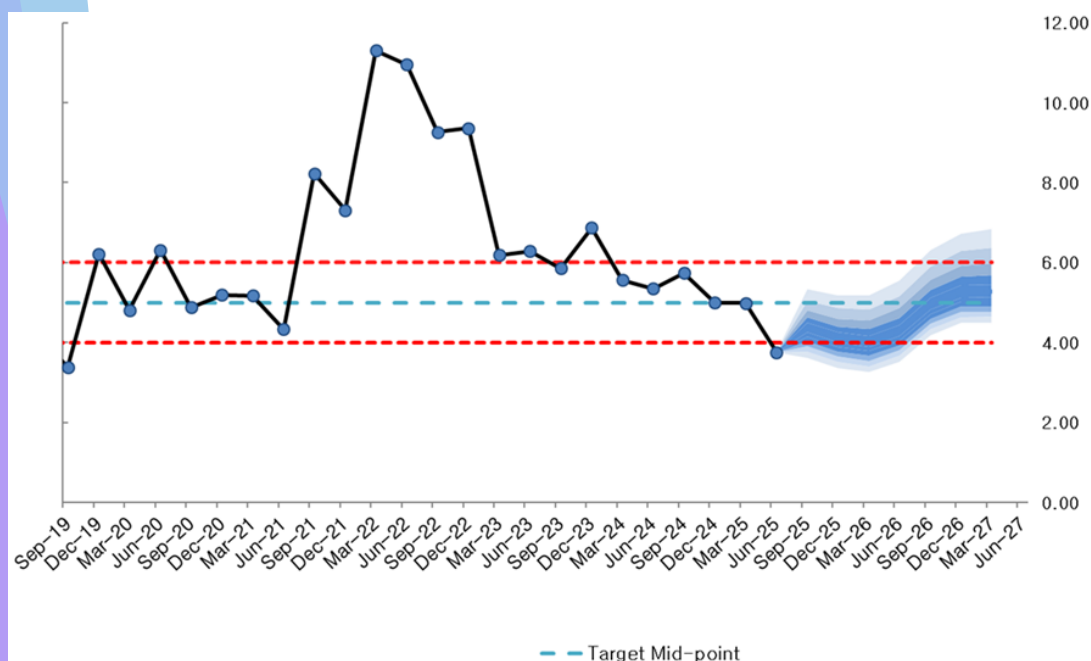
Economic outlook remains clouded by uncertainties around US policies...

- **The US continues to:**
 - Reset its trading relationships
 - Tighten its immigration policies
- These developments may slow pace of economic activity in the US and could cause inflationary pressures in the US – **which could adversely affect the Jamaican economy.**

Inflation projected to return to 4.0% to 6.0% corridor over next 2 years...

❖ This outlook assumes:

- ✓ that the first-round impact of the increases in tariffs by the US on prices in Jamaica will be small.
- ✓ Deceleration in imported inflation (particularly grains and oil)
- ✓ Stable inflation expectations



Outlook for BOP Good...



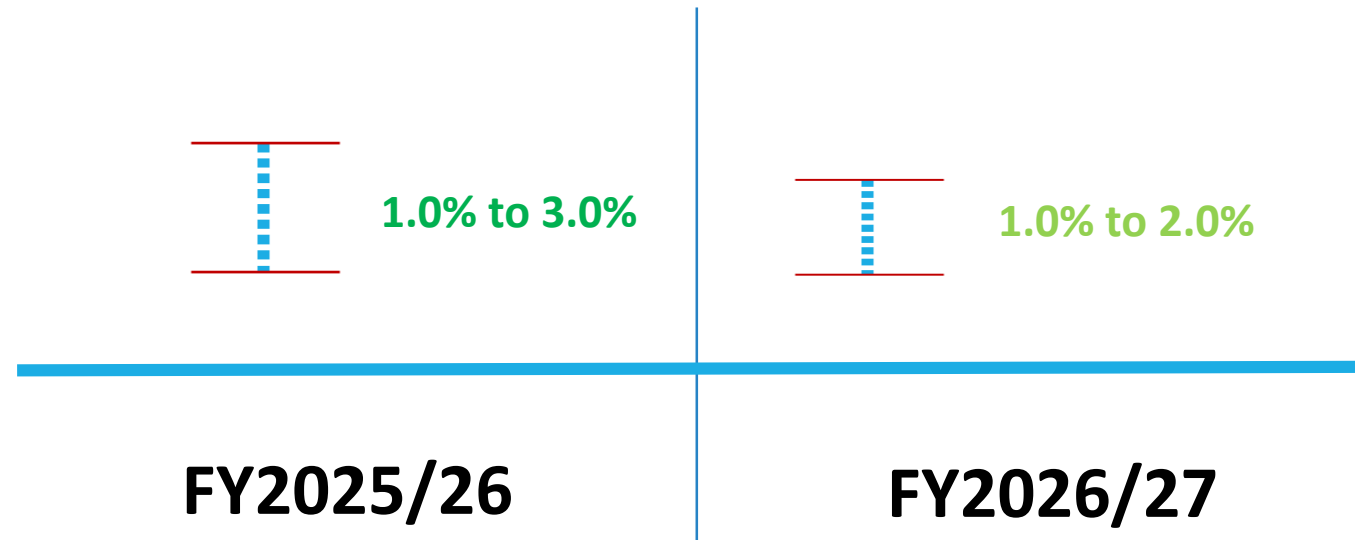
- The current account of Jamaica's balance of payments is projected to remain in surplus over the near-term.
- International reserves are projected to improve further.

Outlook for Demand Conditions...

The domestic economy grew in the range of 1.0% to 2.0% for the June 2025 quarter.

Economic activity is projected to continue to expand in the September 2025 quarter.

Projected GDP Growth



Employment levels remain high, even as anecdotal data suggest that wage pressures are moderating.

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



Upside Risks:

- Sharper-than-anticipated increase in US tariffs
- Geopolitical tensions could negatively impact international supply chains



Downside Risk:

- Lower-than-projected international commodity prices as well as weaker demand conditions



To conclude...



- ✓ **BOJ reaffirms its commitment to maintaining low and stable inflation at 4.0% to 6.0% and will deploy the tools necessary to preserve price stability.**
- ✓ **The Bank's MPC remains committed to its work programme to further strengthen the policy transmission process.**