



BANK OF JAMAICA

Quarterly Monetary Policy Report Press Conference

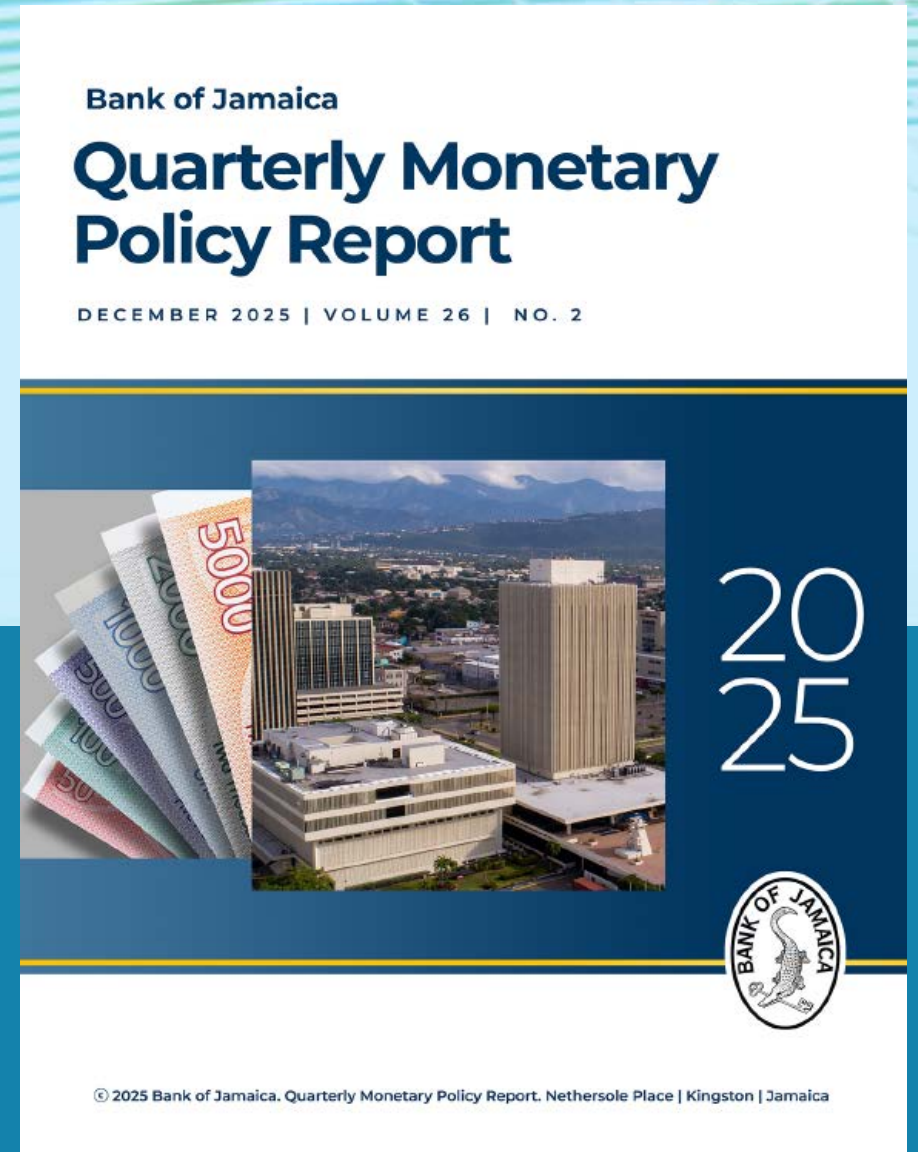
22 December 2025



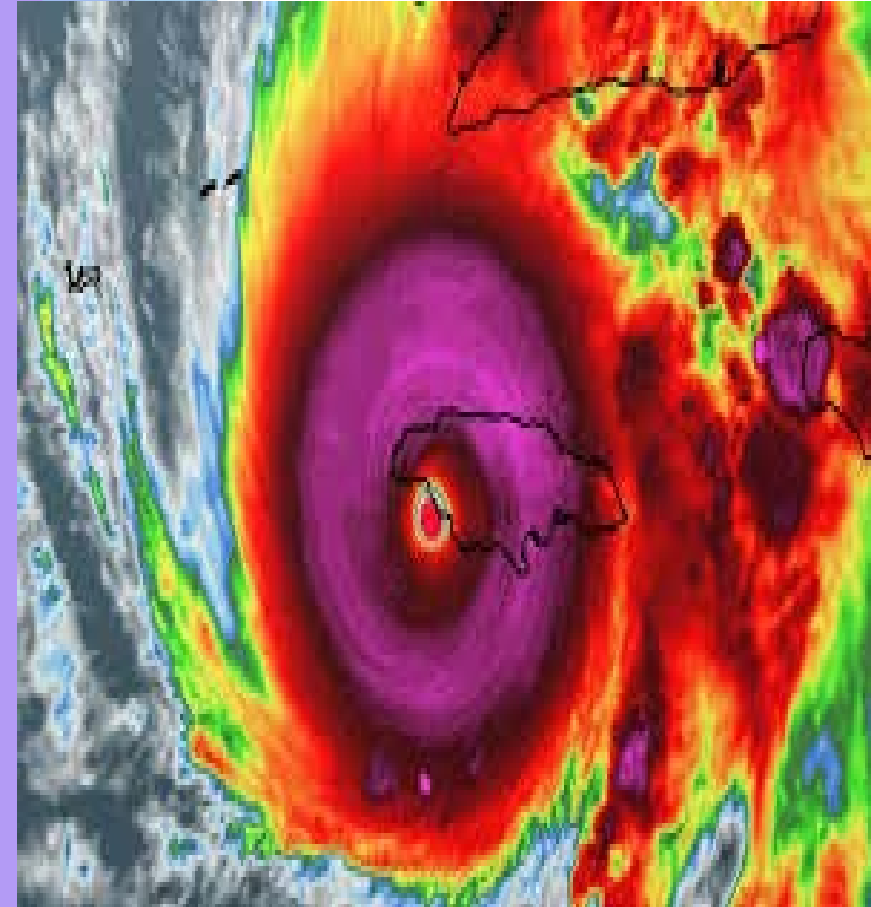
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Jamaican economy severely impacted by Hurricane Melissa...



- Damage to critical infrastructure now estimated at approximately US\$8.8 million or more than 40% of GDP, an upward revision from the initial estimate.**
- Agriculture sector particularly devastated, with damage estimated at approximately US\$389 million**
- Tourism sector, particularly properties in western parishes, also sustained significant damage, with 43% of room stock closed immediately after the storm**
- Upward revision to damage estimate suggests a greater risk that higher inflation could be prolonged.**

Policy Decision – December 2025

In this context and given the Bank's primary mandate of managing inflation, the MPC decided unanimously to:

- **Continue holding the policy rate at 5.75% per annum; and**
- **Remain proactive in preserving relative stability in the foreign exchange market.**

Policy Decision – December 2025

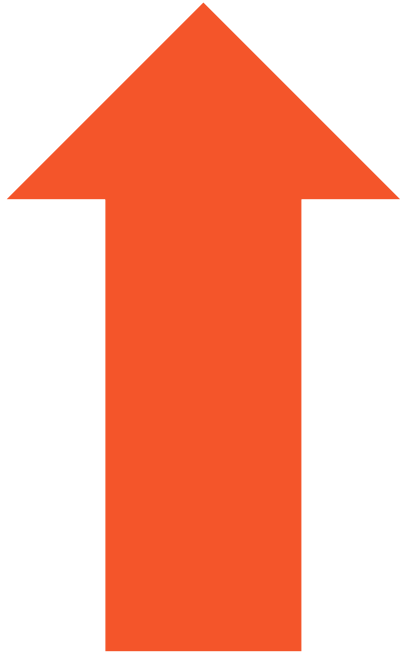
The decision to continue holding the policy rate at this time is largely based on four main factors:

- 1. Annual headline inflation will rise sharply over the next few months from the 4.4% at November 2025 and will exceed the Bank's inflation target range of 4.0 to 6.0% in early-2026;**
- 2. Core inflation will also rise over the next 12 months, breaching the inflation target range in early-2026;**
- 3. The government suspended the fiscal rule for an initial period of one year to facilitate increased spending for recovery and relief efforts, resulting in larger fiscal deficits over the next three years; and**
- 4. The risks to the inflation outlook are skewed strongly to the upside⁴**

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

Upside Risks:

- Higher-than-expected demand to support reconstruction efforts
- Inflation expectations could rise
- A more protracted recovery in the agriculture sector and more prolonged disruptions to its supply chains
- Long-term damage in specific industries could slow improvement in the production and availability of supplies

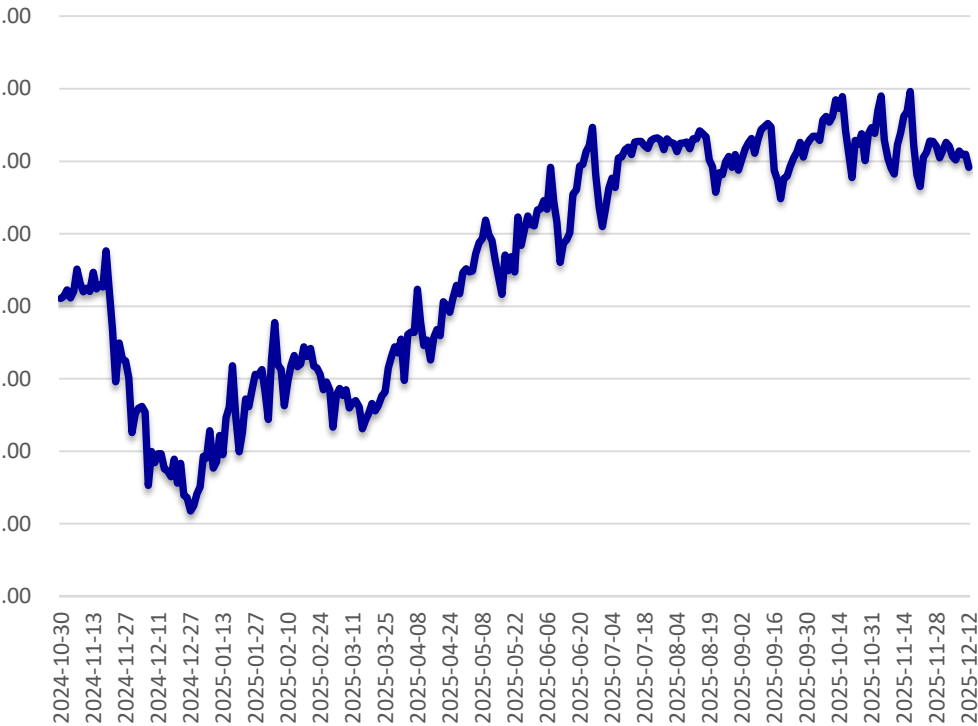


Special pre-emptive measures taken to preserve relative stability in the FX market...



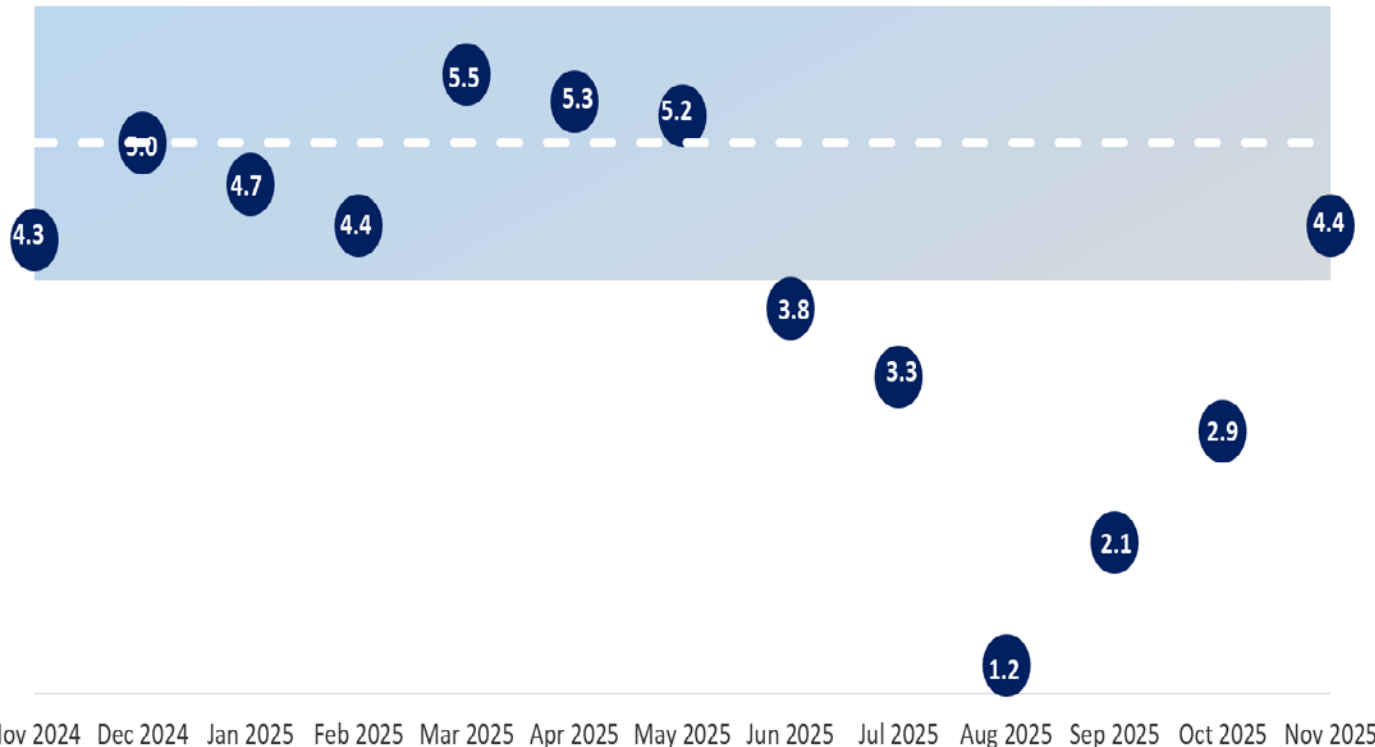
- Since the passage of the hurricane, the **Bank has:**
 - Sold US\$250 million into the market.
 - Directly supplied the FX needs of selected players in the energy sector.
 - Scheduled advanced notices of intervention sales reintroduced in order to assure the market of adequate FX liquidity.

With these actions, the FX rate has been relatively stable...



- Over the period 01 November to 16 December 2025, the exchange rate has remained stable **compared to end-October 2025**.
- Cumulatively, **BOJ sold US\$1.1 billion via its B-FXITT facility over the 12 months to end-November 2025**, largely in line with the amount sold over the 12 months to end-November 2024.
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- **Net FX purchases have amounted to approximately US\$1.0 billion** over the 12 months to end-November 2025.
- Going forward, the Bank will continue to proactively take steps to maintain orderly conditions in the FX market.

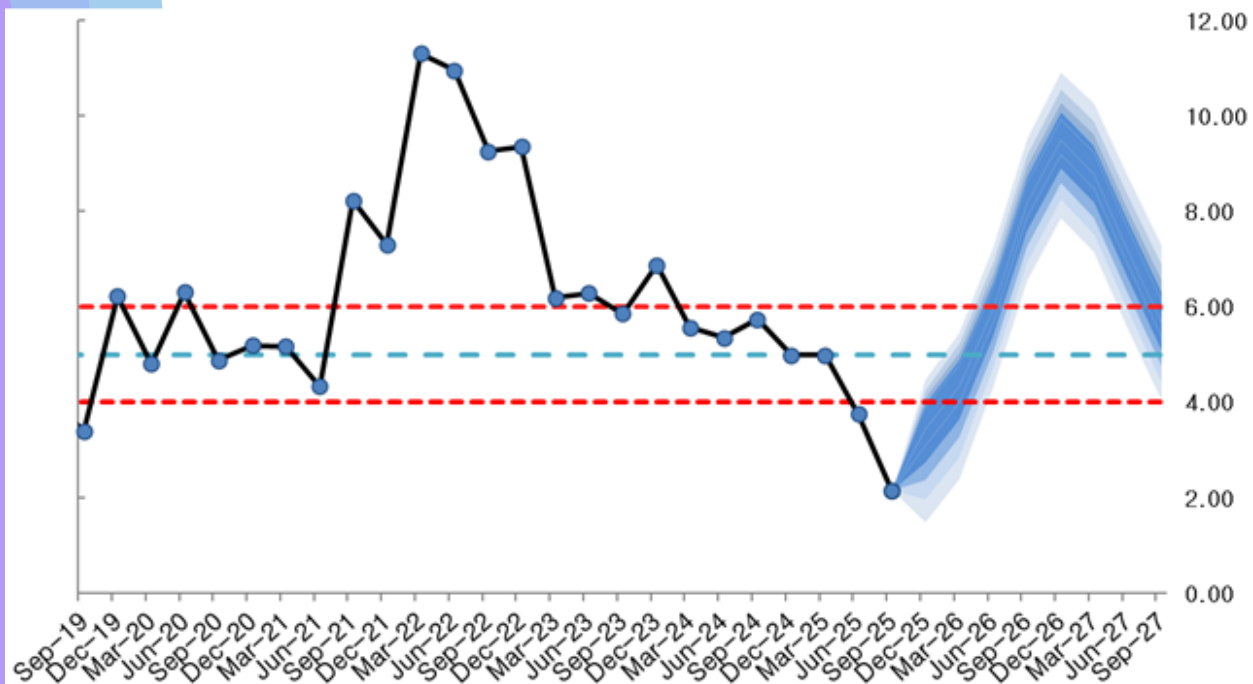
Inflation at November 2025 above the Bank's projections ...



Headline inflation at November 2025 was **4.4%**, higher than the outturn (2.9%) at October 2025.

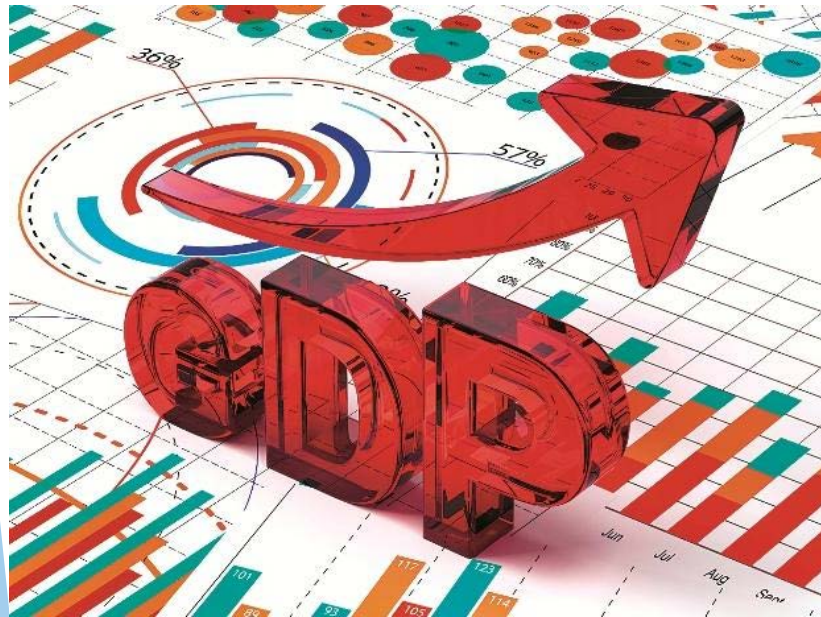
Core inflation at November 2025 was **4.3%**, above the outturn (3.7%) at October 2025.

Inflation projected to rise above the Bank's target range over the next four quarters...



- ❖ Inflation is projected to peak in the June 2026 quarter, and as supply conditions improve along with the appropriate monetary policy response, will moderate back to the target range in early-2027.

Economy estimated to have contracted in December 2025 quarter...

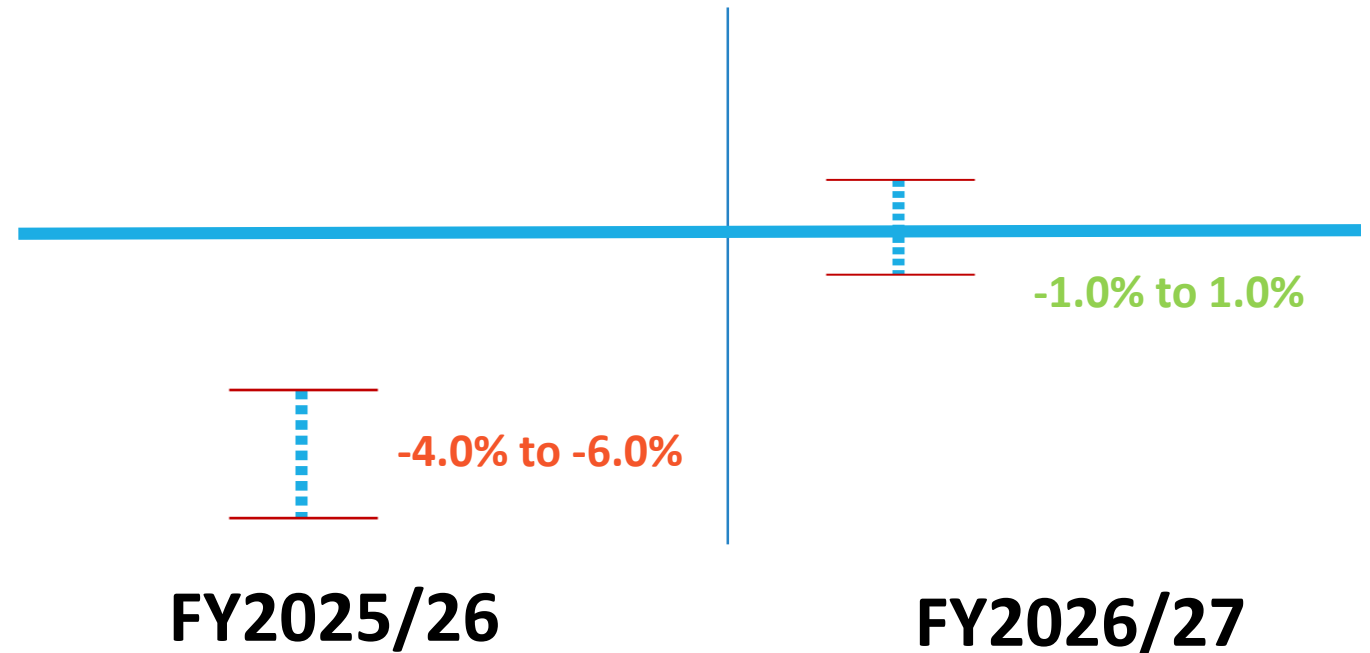


- The PIOJ estimates that the economy contracted in the range of 11.0 to 13.0% in the December 2025 quarter.

Outlook for Demand Conditions...

While economic activity will contract in the immediate aftermath of the hurricane, the Bank projects that funding inflows will support spending in the economy over the next three years, to the extent that the capacity exists to execute planned projects.

Projected GDP Growth



Jamaica's external accounts also expected to deteriorate over the near-term...



- The current account is expected to worsen to a deficit, a major change from the surpluses recorded over the three prior fiscal years.
- Notwithstanding the worsened external position, Jamaica's international reserves remain robust, standing at a historically high level of US\$6.3 billion at 16 December 2025, representing about 151% of the measure considered adequate.
- These reserves will be buoyed by various disaster risk financing, multilateral funding and grant flows.

To conclude...



- ✓ **BOJ's MPC reaffirms its view that preserving a stable macroeconomic environment is essential to the country's recovery and reconstruction efforts.**
- ✓ **The MPC will continue to keenly monitor the future impact of higher food prices on the level of overall inflation, and stands ready to adjust monetary policy if the risks highlighted earlier threaten the projected return of inflation to the 4.0% to 6.0% target range in the shortest possible timeframe.**