



BANK OF JAMAICA

Quarterly Monetary Policy Report

Press Conference

26 February 2026



[Download Quarterly Monetary Policy Report \(February 2026\)](#)



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

Bank of Jamaica

Quarterly Monetary Policy Report

FEBRUARY 2026 | VOLUME 26 | NO. 3

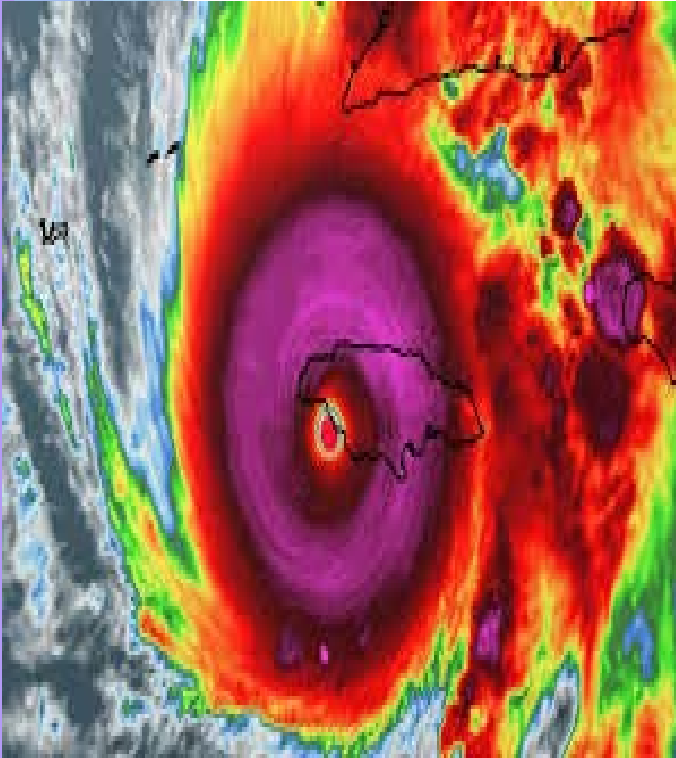


20
26



© 2026 Bank of Jamaica. Quarterly Monetary Policy Report, Nethersole Place | Kingston | Jamaica

Initial direct impact of Hurricane Melissa on inflation less severe than earlier projected...



- ❑ Partly the result of a faster-than-anticipated improvement in agricultural supplies.**
- ❑ Recent appreciation of the exchange rate has also contributed to easing price pressures.**
- ❑ Inflation is now projected to trend broadly within target over the next two years, with the exception of a few possible breaches of the upper limit in the near-term.**

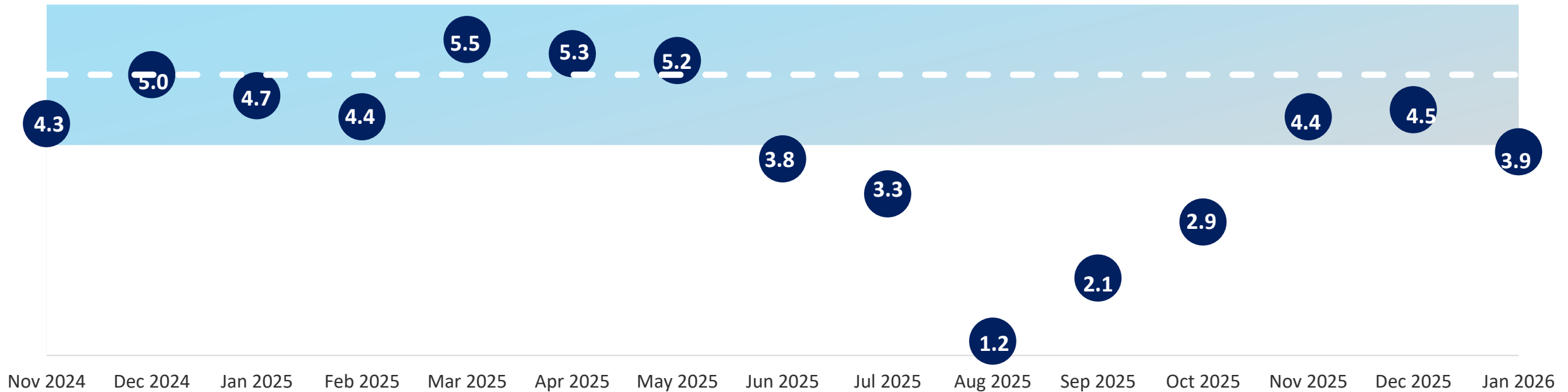
Policy Decision – February 2026

In the context of the improved inflation outturn and outlook, Bank of Jamaica's MPC decided unanimously to:

- **Reduce the policy rate by 25 bps to 5.50% per annum, effective today; and**
- **Remain proactive in preserving relative stability in the foreign exchange market.**

The decision to reduce the policy rate reflects a cautious adjustment to the monetary policy stance and followed a detailed assessment of the most recent inflation outturn and the near-term outlook for prices.

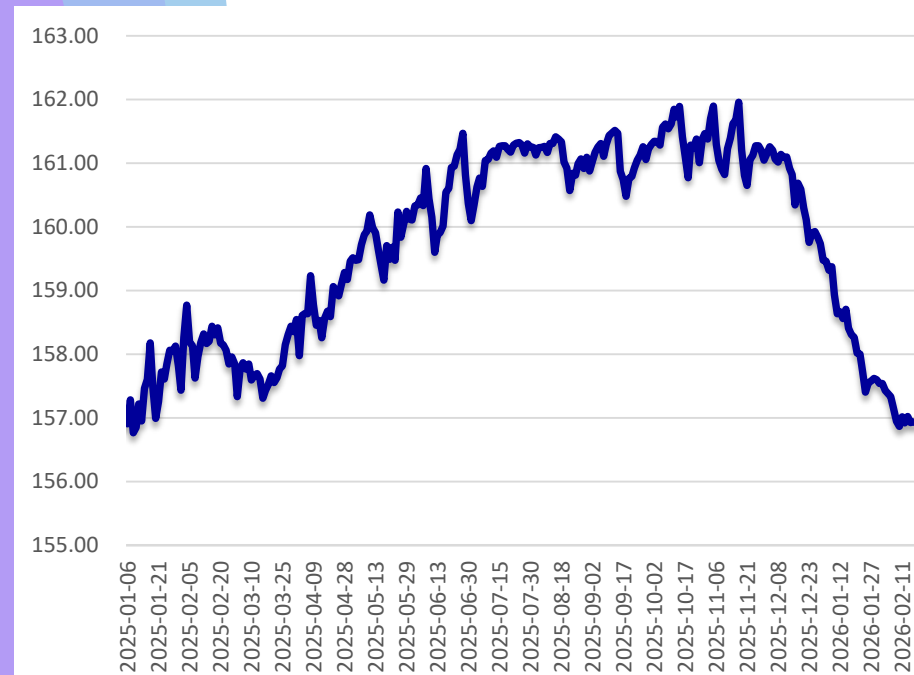
Inflation at January 2026 below the Bank's projections ...



Headline inflation at January 2026 was **3.9%**, down from 4.5% at December 2025.

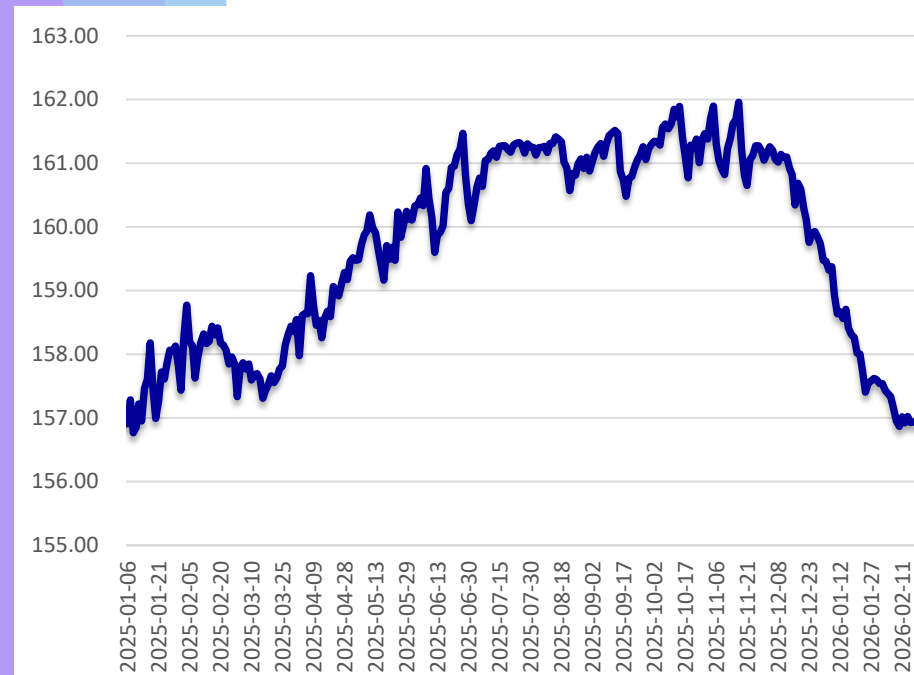
Core inflation at January 2026 fell to **3.9%**, from 4.2% at December 2025.

Developments in the FX market supported overall easing of price pressures...



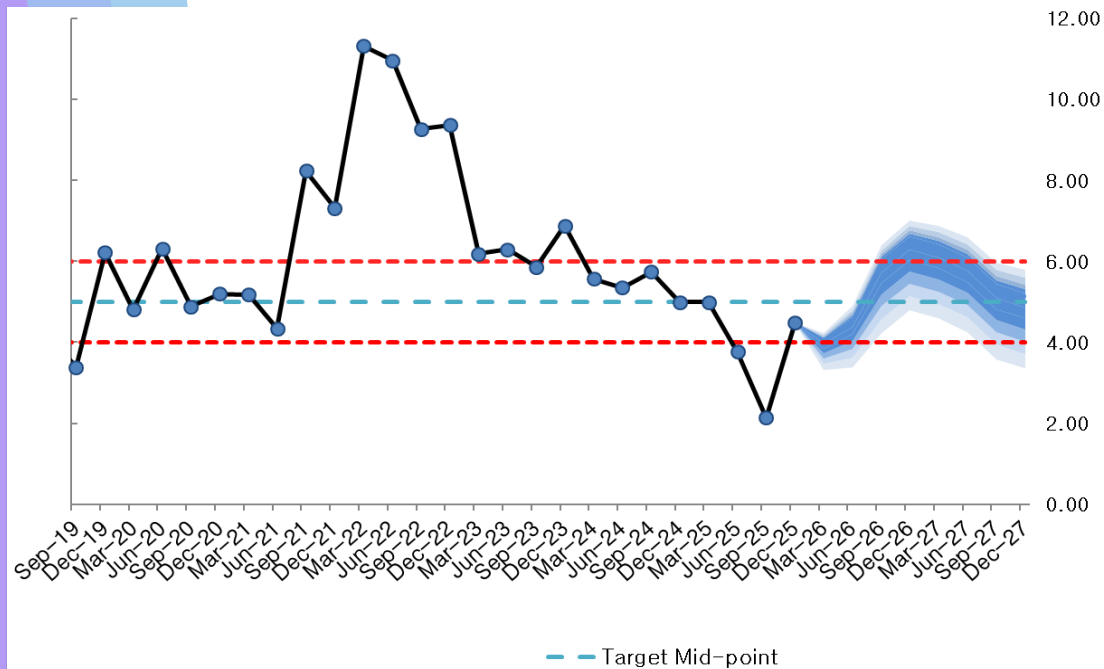
- After the hurricane, BOJ announced that it would deploy **special measures** to ensure a stable exchange rate as a part of the strategy to manage inflation.
- Over the period 01 November 2025 to 31 January 2026, BOJ sold approximately **US\$365 million** to the market
- BOJ also sold **US\$87 million** to **Petrojam**, resulting in cumulative sales of **US\$452 million**.
- **The Bank net purchased approximately US\$152 million since the hurricane.**

Exchange rate has appreciated since November 2025...



- Appreciation supported by **strong foreign currency inflows**, reflecting **improved remittances** as well as the **Bank's use of its healthy reserves to augment flows**
- Cumulatively, **BOJ sold US\$1.1 billion via its B-FXITT facility over the 12 months to end-January 2026**, in line with the US\$1.1 billion sold over the 12 months to end-January 2025.
- **Net FX purchases have amounted to approximately US\$990.5 million** over the 12 months to end-January 2026.
- Going forward, **Jamaica's international reserves remain healthy and are projected to improve** even further.

BOJ now projects that inflation will average 5.9% over the next two years....



- This forecast is below the previous projection for an average of 7.4%.
- Following possible temporary breaches of the upper limit of the target in the June and September 2026 quarters, **inflation will return to the target range by the end of the December 2026 quarter.**
- While the baseline forecast does not explicitly include the Government's recently announced tax package, our simulations suggest that its impact will not materially disrupt the projected return of inflation to the target range.

Balanced Risks to the Inflation Forecast



Upside Risks:

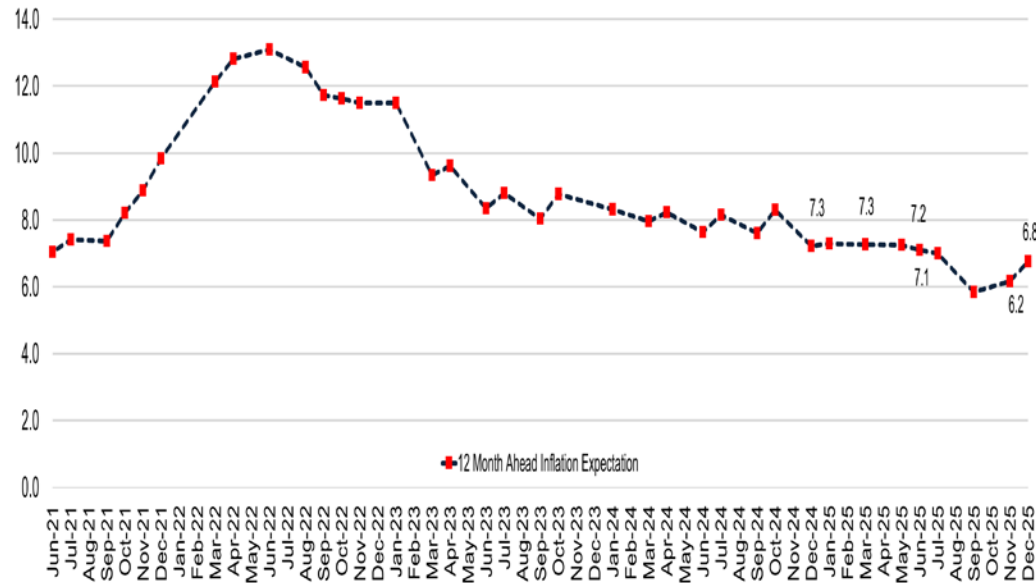
- Bad weather
- Higher-than-projected inflation expectations
- Increased overall spending amid post-hurricane recovery efforts

Downside Risk:

- Slower-than-anticipated recovery in domestic demand

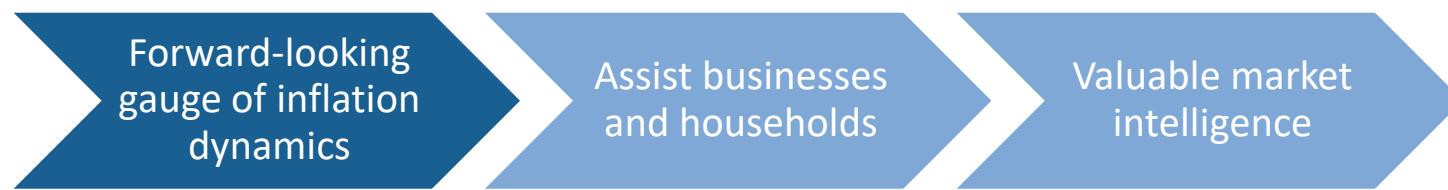


In the aftermath of the hurricane, inflation expectations increased...



- Businesses reported that 12-month-ahead inflation rose to 6.8% in the December 2025 survey, up from 6.2% in November 2025 survey and 5.8% in the September 2025 survey.

Official Release of Consensus Inflation Forecast Survey



- The survey captures the views of key private sector professionals who are either major price setters or who have informed views on the sources of price changes in Jamaica.

- This information can assist businesses and households with their planning and risk assessment.

- This will also provide the Bank with additional valuable market intelligence to inform our policy deliberations.

 **December 2025 Survey results:**

1-year ahead horizon

Acceleration to 5.9% relative to 4.0% in Sep 2025 survey

2-year ahead horizon

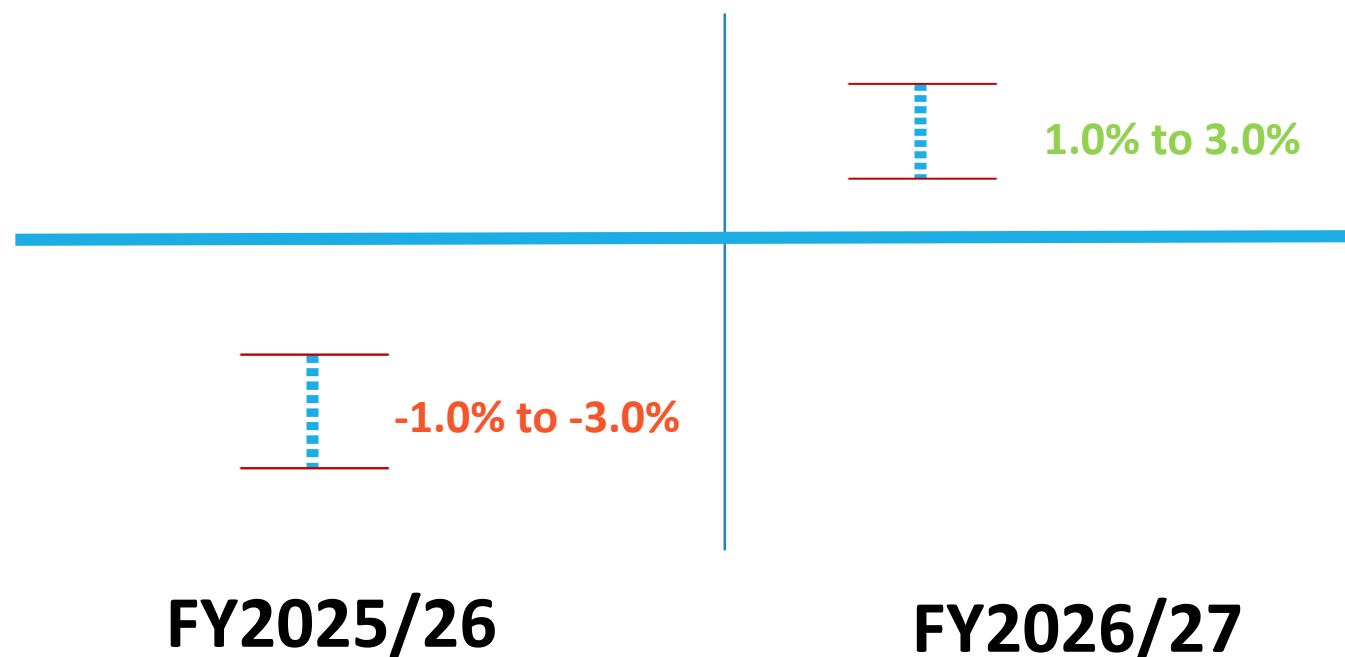
Deceleration to 5.1% relative to 4.4% in Sep 2025 survey

Developments within the real economy...

The Bank now anticipates a full recovery in economic activity post-Hurricane Melissa in two to three years, faster than the previous estimate for three to four years.

This improved recovery outlook anticipates a faster rebound in agricultural activity and factors in a faster than initially anticipated recovery of electricity and telecommunication services.

Projected GDP Growth



The current account balance is expected to deteriorate over the near-term...



- BOJ anticipates that the current account balance will fall within a range of a **deficit of 0.5% of GDP to a surplus of 0.5% of GDP** for FY2025/26 compared with a surplus of 3.0% of GDP in FY2024/25.
- Notwithstanding the worsened external position, Jamaica's international reserves remain robust, standing at a historically high level of **US\$6.8 billion at 19 February 2026**, representing about **155.8%** of the measure considered adequate

Domestic Financial System resilient in aftermath of the hurricane...

- ✓ DTIs maintained CARs above the regulatory benchmark and reflected broad resilience in possible scenarios of market, credit and liquidity risk shocks.
- ✓ Ratio of total NPLs to total loans remains more than comfortably within the benchmark threshold of 10.0%.
- ✓ Private sector credit growth has remained fairly stable, recording annual growth of **8.0% at December 2025** compared to growth of 7.3% a year earlier.

To conclude...



- ✓ **The impact of Hurricane Melissa on inflation, while significant, is now projected to be less severe than we had previously anticipated.**
- ✓ **The MPC will continue to closely monitor the incoming data and is prepared to adjust the stance of monetary policy if the balance of risks change and threaten the projected return of inflation to the 4.0% to 6.0% target range in the shortest possible timeframe.**