

04 April 2017

**Bank of Jamaica Reduces Policy Interest Rate**

Bank of Jamaica announces that, with effect from 05 April 2017, the rate offered on its 30-day certificate of deposit, the policy rate, will be reduced to 4.75 per cent from 5.00 per cent.

The adjustment to the policy rate reflects the Bank’s assessment that inflation for FY2017/18 will be within BOJ’s inflation target of 4.0 per cent to 6.0 per cent for the fiscal year. This assessment has been reinforced by the Government’s strong commitment to maintaining a 7.0 per cent primary surplus for FY2017/18 and to meet the overall public sector fiscal targets under the precautionary Stand-By Arrangement, as approved by Parliament. The continued tight fiscal policy posture supports an easing in monetary conditions.

Jamaica’s main economic indicators continue to improve in the context of a strong reform programme and a favourable external environment. Economic activity continues to expand although at a slower pace than its potential rate of growth. Other key macroeconomic indicators have been reflecting generally positive trends: inflation expectations remain firmly anchored in single digits, international reserves remain strong, the current account of the balance of payments is projected to remain at a sustainable level, private sector credit is expanding strongly and market interest rates have been trending downwards.

The rates applicable to the Bank’s overnight lending and deposit facilities that are linked to the policy rate will correspondingly fall by 0.25 percentage points.