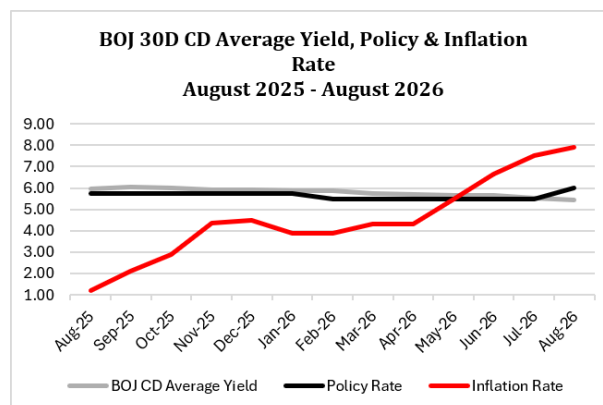


## MONETARY POLICY COMMITTEE INCREASED POLICY RATE TO 6.00%

SEPTEMBER 2026

### Bank of Jamaica Raises Policy Rate By 50 (bps) as Inflation Risks Intensify

Entering the second half of 2026, the Bank of Jamaica (BOJ) maintained the view that inflationary pressures would gradually moderate as temporary supply-side shocks eased. However, since the Committee's August meeting, escalating geopolitical tensions, higher commodity prices, and worsening domestic agricultural conditions have materially altered the inflation outlook. These developments have increased the likelihood that inflation remains elevated for longer than previously anticipated, prompting policymakers to take action.



### Policy Decision

At its September 2026 meeting, the Monetary Policy Committee (MPC) **increased the policy interest rate by 50 basis points to 6.00%, effective September 29, 2026**. The decision reflects the Bank's growing concern that persistent supply-driven price increases could become embedded in inflation expectations and broader economic activity. As a result, the BOJ has shifted from a cautious wait-and-see approach to a more proactive stance aimed at safeguarding price stability.

### Inflation Remains the Key Concern

Inflation rose to 7.90% in August 2026, up from 7.50% in July, remaining above the BOJ's target range of 4.00% to 6.00% for a third consecutive month. Higher international energy and commodity prices, coupled with drought-related disruptions to domestic agricultural production, have contributed to rising food, transportation, and utility costs. These pressures have heightened concerns that what began as temporary price shocks could increasingly influence broader pricing behaviour and inflation expectations across the economy.

### Economic and Financial Implications

The rate increase comes as Jamaica continues to recover from Hurricane Melissa. While reconstruction spending should support economic activity, higher interest rates may temper credit growth, consumer spending, and private-sector investment. Elevated commodity prices also continue to pressure businesses through higher operating and transportation costs.

### What This Means for Investors

Higher interest rates may improve opportunities in Jamaican-dollar fixed-income securities as yields adjust upward. Conversely, higher financing costs could weigh on corporate profitability and equity valuations, particularly in interest-sensitive sectors.

### Outlook

The BOJ expects inflation to remain elevated in the near term before gradually returning to its target range by mid-2027. However, the outlook remains dependent on geopolitical developments, commodity prices, domestic agricultural conditions, and the extent to which higher costs feed into broader prices and wages. Future policy decisions will remain data dependent, with inflation trends and inflation expectations likely to be key determinants of the BOJ's policy path.

The next MPC meeting is set for November 18, 2026.