



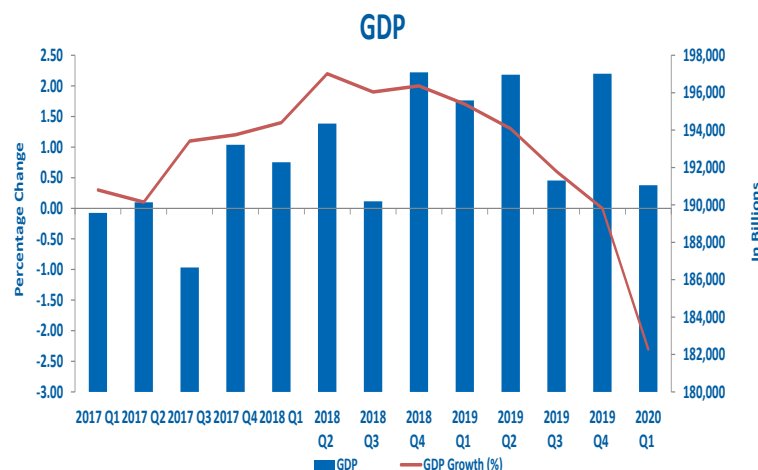
## LOCAL ECONOMY

### GROSS DOMESTIC PRODUCT

The latest data from the Statistical Institute of Jamaica indicated, total value added at constant prices for the Jamaican economy was \$197,053 million for the first quarter of 2020. This reflects a 2.3% decline when compared to 197,591 million for the similar quarter of 2019. This resulted from underperformances in both Services and Goods Industries which declined by 2.5% and 1.9%, respectively.

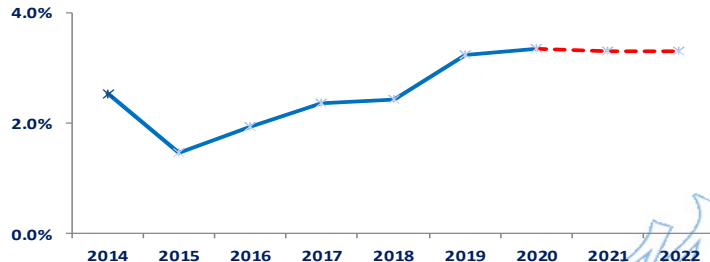
The decline in the Services Industries was due to reduced activities in, "Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (1.3%), Hotels & Restaurants (14.1%), Transport, Storage & Communication (2.5%), Finance & Insurance Services (1.2%), and Other Services (3.2%)," STATIN indicated. However, "Electricity & Water Supply, Real Estate, Renting & Business Activities and the Producers of Government Services achieved growth of 2.1%, 0.2% and 0.2% respectively." STATIN further stated.

STATIN reports, "Within the Goods Producing Industries, lower levels of output were recorded in, Mining & Quarrying by 35.8%, Construction by 3.3%, while Agriculture, Forestry & Fishing and Manufacturing recorded increased output by 7.8% and 2.2%, respectively."



### CAPITAL EXPENDITURE TO GDP

#### Capital Expenditure to GDP (%)

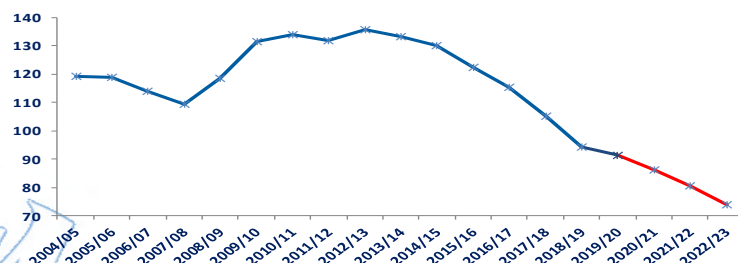


Total Expenditure for the period April to May 2020 amounted to \$97.11 billion, \$605.9 million or 0.6% less than the budgeted amount of \$97.72 billion. Recurrent expenditure which totalled \$90.86 billion, accounted for 94.66% of overall expenditures. Relative to projections, recurrent expenditure was \$436.8 million (0.5%) less than budgeted. Of the recurrent expenditure categories for the review period, all categories were below the budgeted amount except 'Programmes'. 'Compensation of Employees' amounted to \$36.21 billion which was \$1.31 billion or 3.5% less than budgeted. Similarly, 'Wages and Salaries' totalled \$33.91 billion, 3.4% below the budgeted amount of \$35.09 billion. Additionally, 'Employee Contribution' totalled \$2.30 billion, 5.1% less than the budgeted amount of \$2.43 billion. However, 'Programmes' amounted to \$37.84 billion and was \$895.4 million or 2.4% more than budgeted.

As a result of the decrease in Expenditures for the period April to May 2020, the 'Fiscal Deficit' was \$22.49 billion, relative to a 'Projected Deficit' of \$26.76 billion. Additionally, the primary deficit balance for the period amounted to \$5.68 billion, 42.8% less than budgeted.

### DEBT TO GDP

#### Total Debt to GDP (%)



Public Debt to GDP fell to about 94.4% at the end of the 2018/2019 fiscal year. For the FY2019/20, Debt-to GDP is estimated at 91.5%. Notably, a debt-to-GDP ratio of 87.2% is projected for the end FY 2020/21, and is forecasted to decline to 67.8% by end-FY 2023/24. As at May 2020, Jamaica's total debt stands at \$2.09 trillion.

As Jamaica aims to maintain fiscal discipline and macroeconomic stability, the Government forecasts a real GDP growth of 1.9% over the fiscal years 2020/21 to 2023/24. Notably, growth in both the goods and services industries is expected to drive the expansion. Mining & Quarrying is expected to contribute to the expansion in the goods industry, particularly in the latter years, due to the expected increase in production capacity following the resumption of operations at the JISCO (ALPART) refinery. Within the services industry, the largest impact is expected from Hotels & Restaurants, boosted by increasing visitor arrivals.

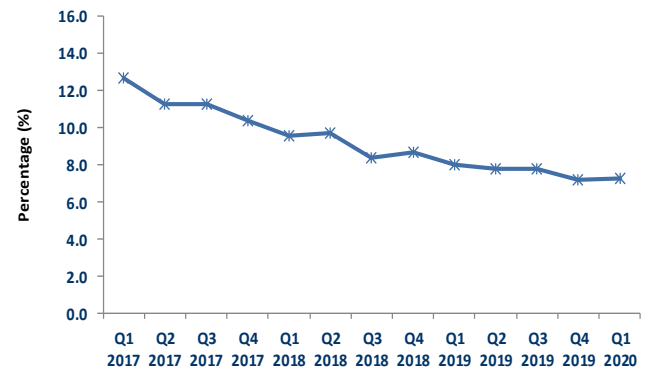


## LABOUR FORCE

Unemployment Rate (%)	January	April	July	October
	Q1	Q2	Q3	Q4
2014	13.4	13.6	13.8	14.2
2015	14.2	13.2	13.1	13.5
2016	13.3	13.7	12.9	12.9
2017	12.7	11.3	11.3	10.4
2018	9.6	9.8	8.4	8.7
2019	8.0	7.8	7.8	7.2
2020	7.3			

Labour force	January	April	July	October
	Q1	Q2	Q3	Q4
2014	1,305,500	1,311,100	1,303,700	1,310,200
2015	1,320,800	1,300,400	1,320,500	1,325,200
2016	1,342,000	1,353,500	1,363,300	1,355,500
2017	1,358,300	1,371,600	1,371,200	1,346,800
2018	1,331,800	1,345,900	1,334,700	1,334,900
2019	1,340,200	1,349,900	1,360,800	1,345,100
2020	1,369,500			

Unemployment Rate



The Labour Force at January 2020, was 1,369,500 persons, an increase of 29,300 persons or 2.2% when compared to January 2019. The male labour force increased by 16,700 to 733,700 persons in January 2020 while the female labour force increased by 12,600 persons to 635,800 in January 2020. The Employed Labour Force for January 2020 was 1,269,100 which was 36,400 (3.0%) higher than in January 2019. The increase in employment for females was nearly twice that of males. For males, employment increased by 16,800 (2.5%) to 690,300 in January 2020. The number of employed females increased by 19,600 (3.5%) to 578,800 in January 2020. The unemployment rate for youth aged 14-24 years, was 19.0% in January 2020 compared to 21.8% in January 2019.

## PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

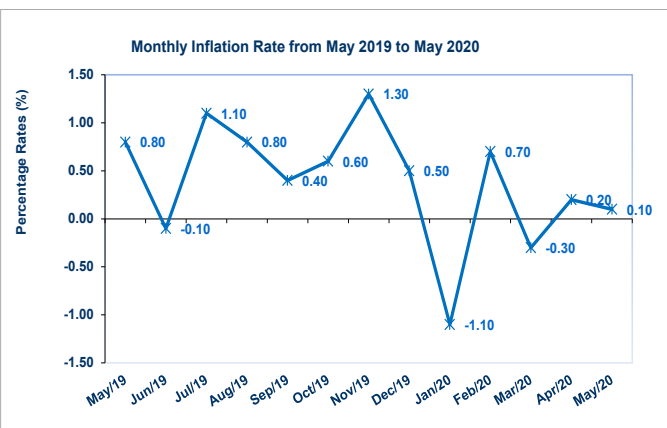
### Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry increased by 2.3%," according to the Statistical Institute of Jamaica (STATIN). This increase in the index resulted from an upward movement of 2.4% in the index for the major group, 'Bauxite Mining & Alumina Processing'.

The index for the Manufacturing industry increased by 0.2%. This was mainly attributed to increases in the index for the major groups 'Food, Beverages, Tobacco,' which went up by 0.6%, and 'Wood and Wood Products and Furniture' went by 3.3%. However, this movement was tempered by a decline in the major group 'Refined Petroleum Products' by 1.8%.

For the point-to-point period May 2019 – May 2020, the index for the 'Mining & Quarrying' industry decreased by 17.3%, due to major group 'Bauxite & Alumina Processing' which fell by 18.0%. While the 'Manufacturing' industry index declined by 1.9%.

Furthermore, STATIN noted, "For the 2020/2021 fiscal year to date, April 2020 - May 2020, the index for the Mining and Quarrying industry increased by 2.3%, while the index for the Manufacturing industry recorded an upward movement of 0.2%."



### Consumer Price Index:

The consumer price index for May 2020 was 103.8 resulting in an inflation rate of 0.1% increase when compared to previous month's 103.7 price index, according to the Statistical Institute of Jamaica (STATIN). This increase was as result of, 'Food and Non- Alcoholic Beverages', the heaviest weighted division 1.1% increase in its index. While, the division of 'Housing, Water and Electricity', recorded a rate of 1.5% increase due to a 5.6% increase in 'Electricity, Gas and Other Fuels.' However, the overall movement in the index was offset by a decline of 22.1% in the index for the 'Education' division, due mainly to decline in tuition fees for the summer term. The 'Transport' division index also declined by 0.3%, primarily due to lower prices for petrol. Inflation within the Greater Kingston Metropolitan Area, Rural Areas and Other Urban Centres each recorded an inflation rate of 0%, 0.2% and -0.2%, respectively for May 2020.

The index for the 'Food and Non-Alcoholic Beverages' division was 1.1% increase in its index for May 2020. The 'Food' group index recorded 1.2% and the 'Non-Alcoholic Beverages' group went up by 0.8%. Notably, all classes within both groups experienced an increase. Additionally, 'Cereal and cereal products' went up by 0.7% while 'Meat and other parts of slaughtered land animals' and 'Fish and Seafood' were up by 0.6% and 1%, respectively.

The index for the 'Housing, Water, Electricity, Gas and Other Fuels' division recorded a 1.5% increase in its index for May 2020. The higher rates for electricity caused a 5.6% climb in the index for the group 'Electricity, Gas and Other Fuels'. However, there were lower water and sewage rates in May 2020 which contributed to decrease of 1.7% in the index for 'Water Supply and Miscellaneous Services Related to the Dwelling' as stated by STATIN.

The 'Education' division registered a 22.1% decline for May 2020 due to decrease in tuition fees for private institutions for the summer term, related to the COVID-19 pandemic. Lastly, the division for 'Personal Care, Social Protection and Miscellaneous Goods and Services' produced an increase of 0.8% for May 2020 which was a result of the upward movements of prices of some personal care products.

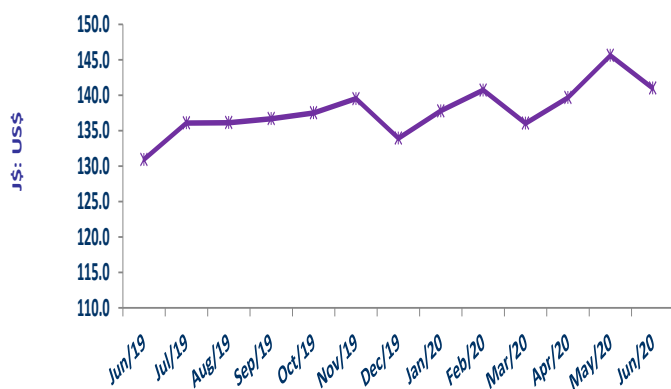
The movement in the index for year to date inflation was 1.7% and fiscal year-to-date was 0.1%.

## FOREIGN EXCHANGE MARKET

### LOCAL FOREX

The Jamaica dollar appreciated against the USD for the month of June 2020. The JMD appreciated by \$4.61 in June, to close the month at an average of \$141.01 relative to the \$145.62 recorded in May 2020. Year over year, the JMD has depreciated by approximately \$10.07 or 7.69% relative to the \$130.94 reported as at June 2019.

Exchange Rate Movements



### INTERNATIONAL FOREX

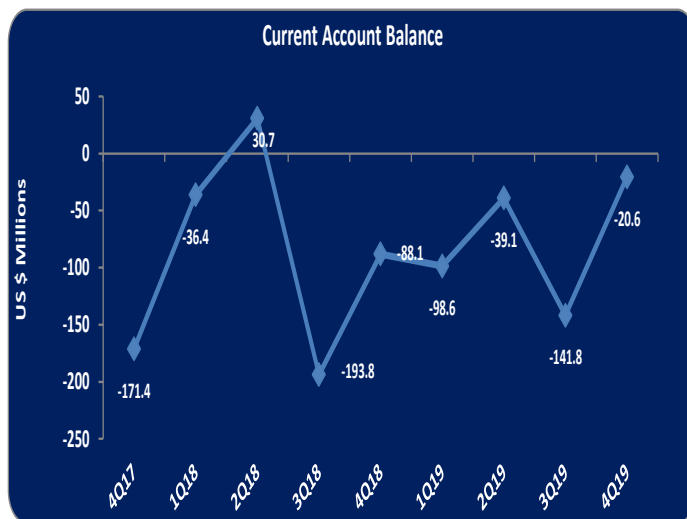
**GBP/USD:** The pair closed at **\$1.2401** for the month of June. According to FX Empire, "The GBP/USD pair had some good two-way price moves on Friday and now seems to have stabilized just above mid-1.2400s, nearly unchanged for the day." However, "Looking at the technical picture, the pair this week confirmed a near-term bullish break through an important confluence resistance comprising of 200-hour SMA and a three-week-old descending trend-line."

**EUR/USD:** The pair closed the month at **\$1.1233**. According to FX Empire, "the Federal Reserve pumping the markets with US dollars, so it is likely that it will de-value that currency." However, looking ahead, FX Empire noted that, "the Euro is under pressure against the U.S. Dollar late Thursday after the release of another weak U.S. Weekly Initial Claims report and a drop in U.S. equities increased the greenback's appeal as a safe-haven asset."

June 1-30				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2494	1.2747	1.2299	1.2401
USD/CAD	1.3573	1.3690	1.3415	1.3576
EUR/USD	1.1135	1.1371	1.1135	1.1233
USD/JPY	107.59	109.59	106.53	107.93

**USD/CAD:** The CAD depreciated against the USD during the month of June by 0.022% to close at \$1.3576

### CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account deficit for the March 2020 quarter is estimated at US\$173.3 million (1.1% of GDP). This is US\$3.8 million worse than the previous projected US\$74.6 million and worse when compared to the current account deficit for the March 2019 quarter.

### MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	Feb-19	Dec-19	Feb-20
Total Money Supply (M2*)	11.8	15.0	15.1
Money Supply (M2J)	12.2	17.8	16.1
Money Supply (M1J)	14.2	14.9	19.1
Currency with the public	15.6	12.3	15.5
Demand Deposits	13.2	16.8	21.5
Quasi Money	10.6	20.5	13.5
Savings Deposits	12.7	15.4	14.7
Time Deposits	4.0	38.0	9.3
Foreign Currency Deposits	11.2	9.9	13.4

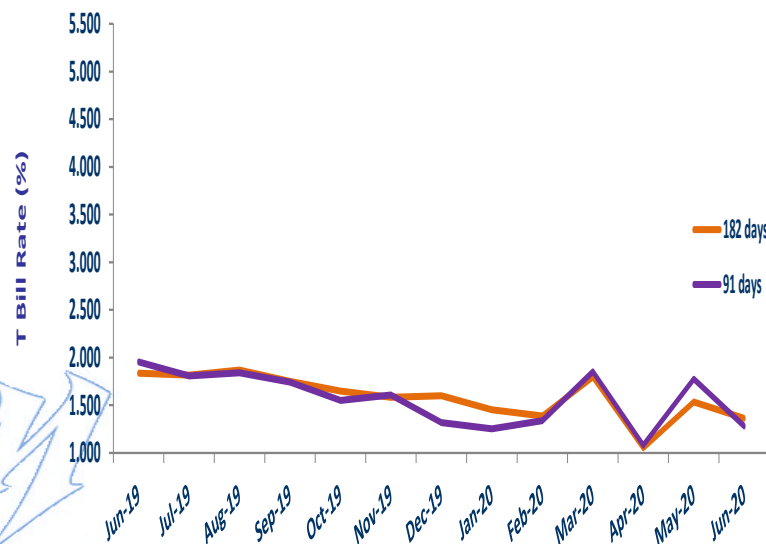
According to the latest data available from the Bank of Jamaica's quarterly report, "Broad money (M2J) grew by 16.1% at February 2020, relative to the previous projection of 13%. The stronger growth in the monetary base reflected an increase in banks' current account balances relative to a projected fall, as well as significantly higher than anticipated currency issue, the latter suggesting an uptick in the demand for currency as a precaution amid the COVID-19 outbreak. Growth in broad money at February 2020 reflected a 16.2% increase in local currency deposits, which stemmed mainly from growth in savings and demand deposits of 14.7% and 21.5%, respectively. This was also supported by 15.5% growth in currency in circulation."



## Treasury Bills:

For the month of June applications for treasury bills exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J\$1.4 billion in treasury bills, while applications totaled J\$4.34 billion and J\$3.89 billion for the 90-day and 180 –day treasury bills, respectively. The 91-day treasury bill auction resulted in the average yield of 1.28%, down 50 basis points compared to May 2020, whilst the 182-day treasury bill auction resulted in the average yield of 1.36%, down 17 basis points relative to May's outturn. Notably, the average yields on the 91-day decreased by 68 basis points compared to the auctions in 2019 for the comparable period. The 182-day treasury bills declined by 47 basis points relative to the corresponding auctions in 2019.(Refer to the graph on the right).

Treasury Bill Rates



## OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date
17-Apr-20	17 Days	1.00%	N/A	Fixed	4-Apr-20
17-Apr-20	273 - Days	0.00%	N/A	N/A	15-Jan-21

The Bank of Jamaica issued no Certificate of Deposit during the month of May and June 2020 relative to one Certificate of Deposit and a 273 Days Treasury Bill during the month of April 2020.

## TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in March 2020 amounted to 111,191 an decrease of 59.1% when compared to 271,742 recorded March 2019.

Stopover arrivals from the U.S. market decreased by 57.5% in March 2020 with a total of 78,318 arrivals compared to 184,394 arrivals in March 2019.

The Canadian market recorded an decrease in arrivals by 62.4% with arrivals amounting to 18,519 relative to 49,266 in March of last year.

The European market region recorded a decrease in arrivals by 65.1% to total 10,162 stopover arrivals in March 2020, relative to 29,085 recorded for March 2019.

Arrivals from Latin America recorded an decrease of 21.9% with a total of 2,077 stopovers relative to 2,659 recorded in March 2019 (see Tourist Arrivals table to the right).

Stopover Arrivals by Market Region					
Country	March 2020	Share %	March 2019	Share %	Change %
U.S.A.	78,318	70.4%	184,394	67.9%	-57.5%
Canada	18,519	16.7%	49,266	18.1%	-62.4%
Europe	10,162	9.1%	29,085	10.7%	-65.1%
Latin America	2,077	1.9%	2,659	1.0%	-21.9%
Caribbean	1,791	1.6%	5,046	1.9%	-64.5%
Asia	159	0.1%	880	0.3%	-81.9%
Others	165	0.1%	412	0.2%	-60.0%
Total	111,191	100.0%	271,742	100.0%	-59.1%



## REMITTANCE

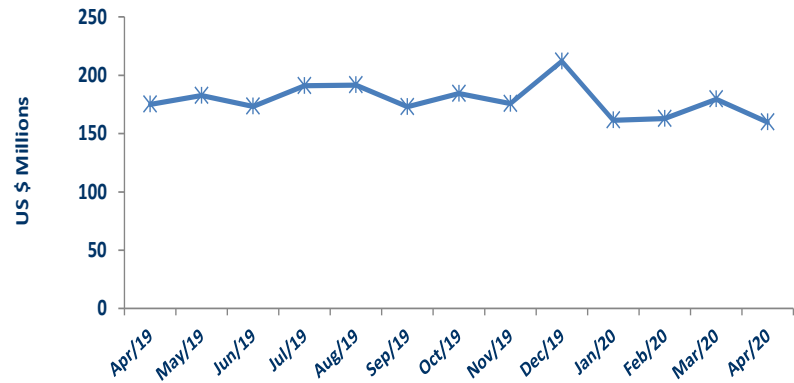
Latest data from the Bank of Jamaica (BOJ), for April 2020, showed net remittances were US\$159.7 million, a decrease of US\$15.40 million (8.8%) relative to US\$175.1 million reported for the corresponding month of 2019.

For the period January 2020 to April 2020, net remittance inflows totalled US\$663.6 million, relative to US\$669.1 million for the corresponding period in 2019.

For April 2020, total inflows amounted to US\$181.8 million, while outflows totalled US\$22.1 million.

The largest source market of remittances to the island in April was USA with a share of 77.9%. The remaining remittances during the above mentioned month came from Canada (10.7%) followed by UK (9.0%) and others (2.3%).

Net Remittance



## NET INTERNATIONAL RESERVES

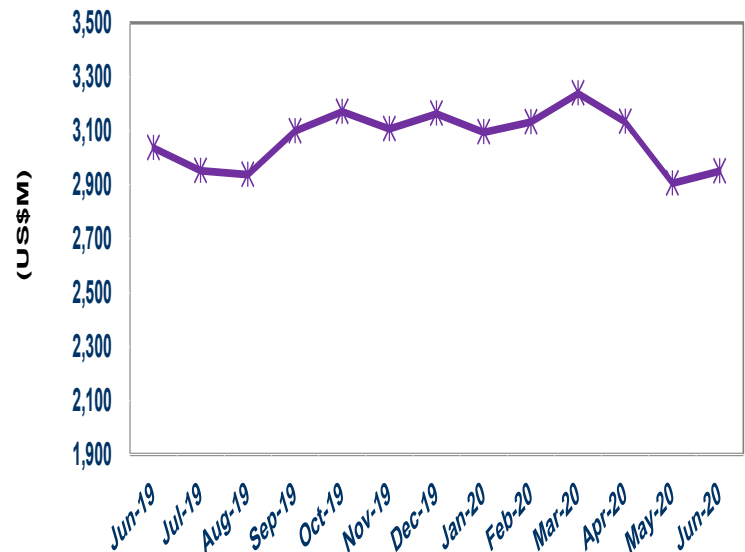
Jamaica's Net International Reserves (NIR) totaled US\$2,949.26 million as at June 2020, reflecting an increase of US\$44.77 million relative to the US\$2,904.49 million reported at the end of May 2020 (see figure 1).

Changes in the NIR resulted from an increase in Foreign Assets of US\$33.31 million to total US\$3,905.02 million compared to the US\$3,871.71 million reported for May 2020. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at June 2020 totaled US\$3,361.33 million reflecting an increase of US\$32.18 million compared to US\$3,329.15 million booked as at May 2020.

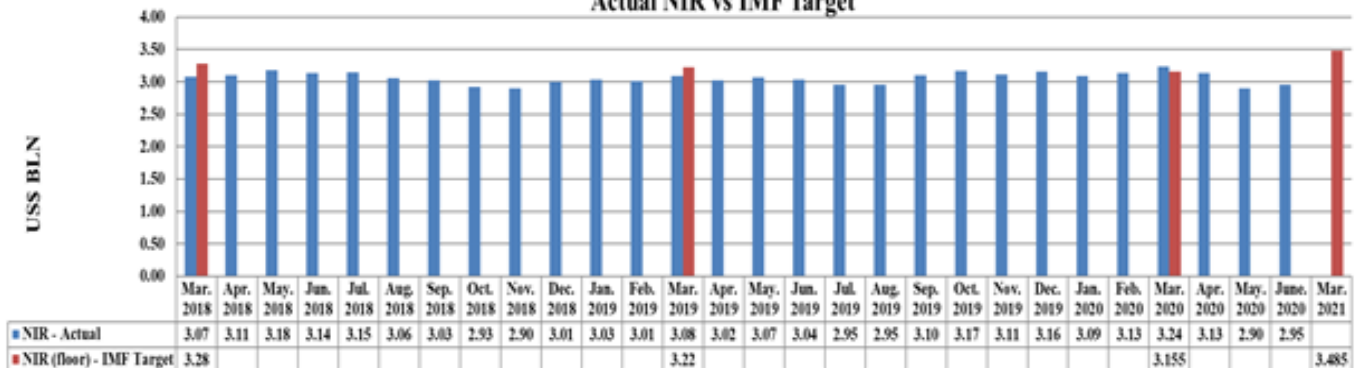
'Securities' amounted to US\$322.66 million; US\$0.54 million more than the US\$322.12 million reported in May 2020. While, 'SDR & IMF Reserve Position' amounted to US\$221.03 million; US\$0.59 million more than the US\$220.44 million reported in May 2020. Foreign Liabilities for June 2020 amounted to US\$955.76 million compared to the US\$967.22 million reported for May 2020. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$11.46 million decrease month over month from May 2020.

At its current value, the NIR is US\$86.05 million less than its total of US\$3,035.31 million as at the end of June 2019. The current reserve is able to support approximately 56.33 weeks of goods imports or 38.15 weeks of goods and services imports.

NIR



Actual NIR vs IMF Target



**Researcher**  
Shinnelle Rouldson  
Research Analyst  
Shinnelle.Rouldson@mayberryinv.com