

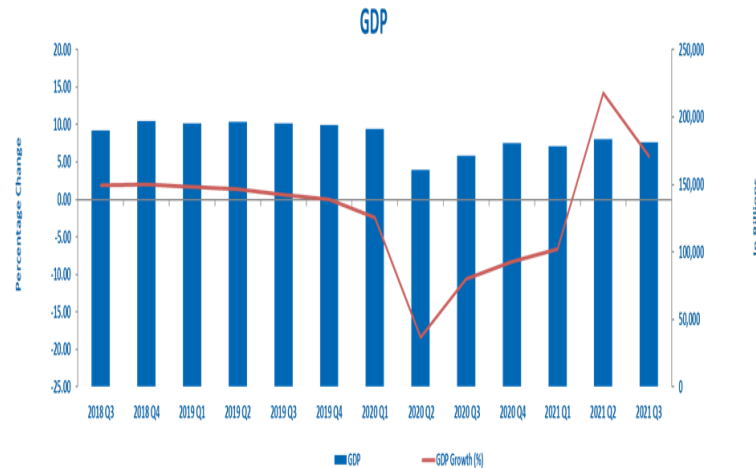
## LOCAL ECONOMY

### GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica (STATIN), the total value added for the Jamaican economy increased by 5.8 per cent during the third quarter of 2021 when compared to the third quarter of 2020. This was attributable to growth in both the Services and Goods Producing Industries of 7.1 per cent and 2.4 per cent respectively.

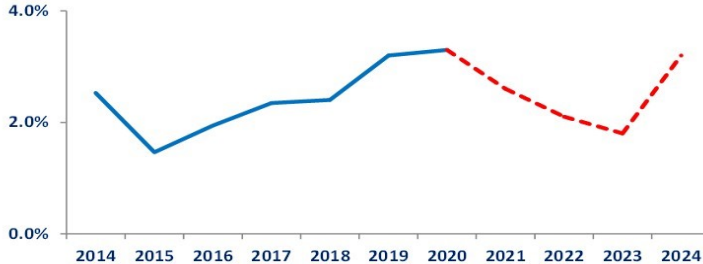
The Planning Institute of Jamaica (PIOJ) estimates that for the December 2021 quarter, real GDP grew by 6.0%, relative to the corresponding quarter of 2020. The Goods Producing Industry is estimated to have increased by 0.4%, due to improved performances in two of the four industries, namely Agriculture, and Construction. The Services Industry was estimated to have grown by 7.8%, relative to the corresponding quarter of the previous year, reflecting higher Real Value Added for all Industries.

For the calendar year 2021, real GDP was estimated to have increased by 4.4%. This reflected higher Real Value Added for both the Goods Producing Industry, up 4.4% and the Services Industry, up 4.4%.



### CAPITAL EXPENDITURE TO GDP

#### Capital Expenditure to GDP (%)



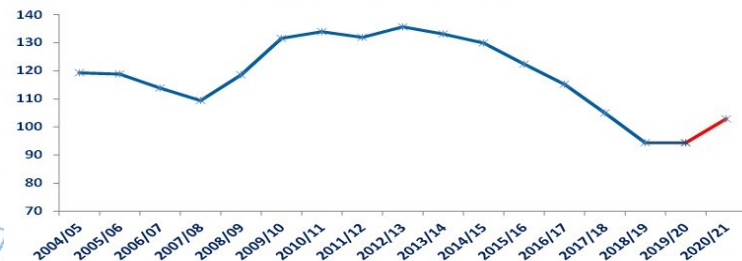
Total Expenditure for the period April to December 2021 amounted to \$501.25 billion, \$9.34 billion less than the budgeted amount of \$510.59 billion. Recurrent expenditure which totalled \$466.35 billion, accounted for 93.04% of overall expenditures. Under the recurrent expenditure categories for the review period, the category above the budgeted amount was 'Interest'.

This totalled \$91.85 billion, 1.8% above the budgeted amount of \$90.23 billion. The categories below the budgeted amount included 'Programmes' which amounted to \$193.51 billion which was \$4.75 billion or 2.4% less than budgeted. Comparably, 'Compensation of Employees' totalled \$180.99 billion, \$2.92 billion below the budgeted amount of \$183.92 billion. 'Wages & Salaries' totalled \$166.30 billion, 1.6% less than budgeted. Additionally, 'Employee Contribution' totalled \$14.70 billion, which was 1.7% less than the budgeted amount of \$14.94 billion.

The 'Fiscal Deficit' was \$9.02 billion, relative to a 'Projected Deficit' of \$17.13 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$82.83 billion, relative to the 'Budgeted Primary Surplus Balance' of \$73.10 billion.

### DEBT TO GDP

#### Total Debt to GDP (%)



The debt-to-GDP is projected at 110.10% at end-FY2020/21, representing a 15.3 percentage point increase over the outturn at end-March 2020. This increase is mainly due to the estimated 11.6% decline in real GDP during FY 2020/21. As at October 2021, Jamaica's total debt stands at \$2.21 trillion.

Jamaica's economic and fiscal resilience was tested during FY 2020/21, with a shortfall of \$78bn or 3% of GDP in tax revenues, due to the impact of the pandemic. The economy is expected to return to positive growth in FY 2021/22 and continue throughout the medium term. Real GDP is projected to grow by an average of 4.1% over fiscal years 2021/22 to 2024/25. Output growth of 5.2% is projected for FY 2021/22, as the demand for goods and services increase over their FY 2020/21 levels.

The expansion will be mainly driven by Hotels & Restaurants; Transport, Storage & Communications; and Other Services, buoyed by an increase in the number of tourist arrivals as well as a gradual return to normalcy given the sharp decline in economic activity in FY2020/21.



## 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	na	12.6	10.7
2021	8.9	9.0	8.5	7.1



According to STATIN, as at October 2021, there were 1,234,800 employed persons. This was 76,600 or 6.6% more than the number of persons when compared to October 2020. In October 2021, the unemployment rate was 7.1%, which was 3.7 percentage points relative to October 2020. Females accounted for 57.0 per cent (43,700) of the increase in employment. There were 1,329,100 persons in the Labour Force, an increase of 31,400 (2.4%) compared to 1,297,700 in October 2020. The male labour force increased by 10,700 (1.5%) persons to 715,300, while the female labour force increased by 20,700 persons (3.5%) to 613,800. The number of unemployed persons in October 2021 was 94,300, which is 45,200 fewer persons (32.4%) compared to October 2020.

## PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

### Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry increased by 2.7% for December 2021", according to the Statistical Institute of Jamaica (STATIN). This movement resulted from a 2.8% increase in the index for the major group, 'Bauxite Mining & Alumina Processing'.

The index for the Manufacturing industry rose by 0.2%, which was mainly attributed to increases in the index for the major groups 'Food, Beverages & Tobacco' and 'Textile, Wearing Apparel and Leather Products' which moved up by 1.3% and 2.3% respectively. Conversely, 'Refined Petroleum Products' moved down by 2.2%.

For the point-to-point period, December 2020 – December 2021, the index for the Mining & Quarrying industry rose by 29.3%. This growth was attributed to a increase of 30.3% in the index for the major group 'Bauxite Mining & Alumina Processing'. The point-to-point index for the Manufacturing industry increased by 19.6%.

### Consumer Price Index:

According to the Statistical Institute of Jamaica (STATIN), the Consumer Price Index for January 2022 was 117.6, up 0.6 per cent from December 2021 which closed at 117. The upward movement was primarily attributable to an 8.4 per cent increase in the index of the heavily weighted 'Restaurants and Accommodation Services' division – due to higher prices for meals consumed away from home (Quick Serve Restaurants, Delivery Meals, Full-Service Restaurants etc). The inflation rate was also influenced by a 0.6 per cent increase in the 'Transport' division, owing to increased petrol prices and a 0.4 per cent jump in the 'Alcoholic Beverages, Tobacco and Narcotics' division owing to increased prices for beer products. Most subgroups within the heaviest weighted division, 'Food and Non-Alcoholic Beverages,' recorded marginal increases during the month except for the index for the division 'Vegetables, Tubers, Plantains, Cooking Bananas and Pulses', which fell by 3.6 per cent due to lower prices for some agricultural produce. This led to the heaviest weighted division in the Consumer Price Index holding the same value from the previous month. The CPI was also tapered by the 1.5 per cent decline in the index for 'Housing, Water, Electricity, Gas and Other Fuels' – due to lower electricity rates which resulted in the index for the subgroup 'Electricity, Gas and Other Fuels' decreasing by 4.0 per cent.

The 'Housing, Water, Electricity, Gas and Other Fuels' division had a 1.5 per cent fall in its index as of January 31, 2022. The main contributor to the movement was a 4.0 per cent decline in the index for the subgroup 'Electricity, Gas and Other Fuels' due to lower electricity rates. However, the movement of the division's index was tapered by a 2.3 per cent increase in the index for the subgroup 'Water Supply and Miscellaneous Services Relating to the Dwelling' as a result of higher water and sewage rates. The index for the subgroup 'Maintenance, Repair and Security of the Dwelling' increased by 0.8 per cent due mostly to increased paint prices.

The index for the 'Alcoholic Beverages' division increased by 0.4 per cent. The main contributor to this movement was an increase of 0.6 per cent in the index for the subgroup 'Beers'.

The index for the 'Health' division, increased by 0.3 per cent. This movement was impacted by increases in the index for the subgroups 'Medicines and Health Products', by 0.3 per cent and 'Outpatient Care Services', by 0.6 per cent.

A 0.6 per cent increase was recorded in the index for the 'Transport' division. This upward movement was mainly attributable to higher costs for 'Fuels and Lubricants for personal transport equipment' which was the catalyst for a 2.5 per cent increase in the index for the subgroup 'Operation of Personal Transport Equipment'.

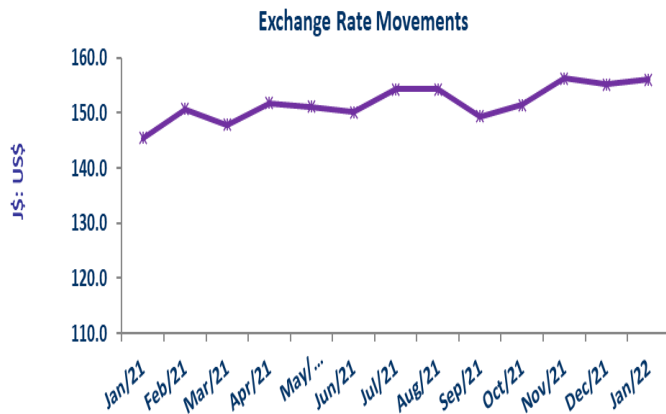
The point-to-point inflation rate was 9.7 per cent and the fiscal year-to date inflation rate was 9.2 per cent for January 2022. Additionally, The Greater Kingston Metropolitan and Other Urban Centers both experienced inflation growth of 0.6%, while the Rural Areas recorded inflation of 0.6%.



## FOREIGN EXCHANGE MARKET

### LOCAL FOREX

The Jamaica dollar depreciated against the USD for the month of January 2022. The JMD depreciated by \$0.86 in January, to close the month at an average of \$156.01 relative to the \$155.15 recorded in December 2021. Year over year, the JMD has depreciated by approximately \$10.62 or 7.30% relative to the \$145.39 reported as at January 2021.



### INTERNATIONAL FOREX

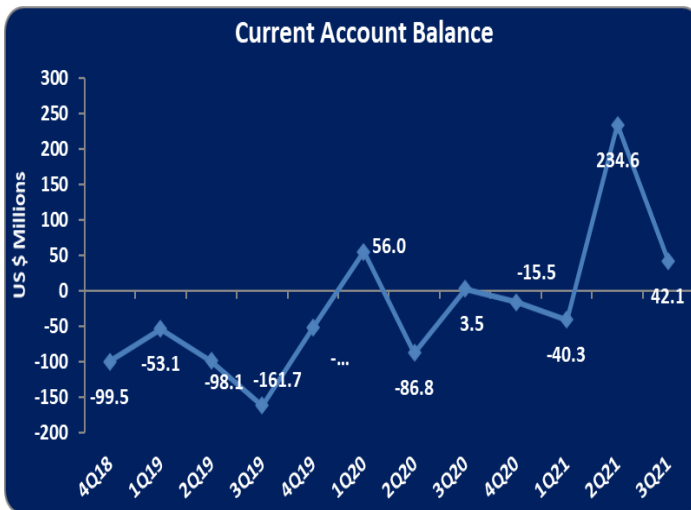
**GBP/USD:** The pair closed at **\$1.3525** for the month of January according to FX Empire, to close the month "The British pound has fallen during the trading session on Tuesday to reach down towards the 1.35 region. This is an area that offers a lot of support so it is difficult to imagine a scenario where you would want to chase this market." Looking ahead, "It is probably easier to be an owner of the US dollar than it is the British pound given all of the ramifications of geopolitics and slowdown concerns."

**EUR/USD:** For January 2022, the EUR/USD pair closed at **\$1.1273** versus \$1.1373 at the start of the month, a 0.87% decline. According to FX empire, "The Euro has turned around to show signs of weakness again. The candlestick reveals how uninterested the market is in trying to hang on to gains." Looking ahead "We are probably going to see the market try to carve out some type of trading range. The market does tend to be very choppy and therefore there should not be huge moves, at least not anytime soon."

January 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3535	1.3749	1.3358	1.3525
USD/CAD	1.2638	1.2818	1.2451	1.2683
EUR/USD	1.1373	1.1483	1.1121	1.1273
USD/JPY	115.10	116.35	113.47	114.70

The CAD depreciated against the USD during the month of January by 0.35% to close at \$1.2683.

### CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the current account (CA) of Jamaica's balance of payments for the September 2021 quarter amounted to an estimated surplus of US\$42.0 million (0.3 per cent of GDP), US\$38.4 million higher (better) than the outturn recorded for the September 2020 quarter. This improvement was reflected in the services sub-account, current transfers and income sub-account, partially offset by a deterioration in the goods balance.

The CAD (as a per cent of GDP) is projected to improve over the medium-term, relative to the previous forecast. Specifically, the CAD is projected to average 0.7 per cent of GDP between FY2023/24 and FY2027/28, relative to the previous forecast of 1.1 per cent of GDP

### MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	Nov-20	Sep-21	Nov-21
Total Money Supply (M2*)	17.8	12.1	14.5
Money Supply (M2J)	14.6	12.5	14.9
Money Supply (M1J)	21.0	13.4	15.9
Currency with the public	26.8	19.1	19.5
Demand Deposits	17.3	9.4	13.4
Quasi Money	9.1	11.6	14.0
Savings Deposits	17.1	15.6	16.0
Time Deposits	-14.2	-3.3	6.2
Foreign Currency Deposits	23.8	11.3	13.8

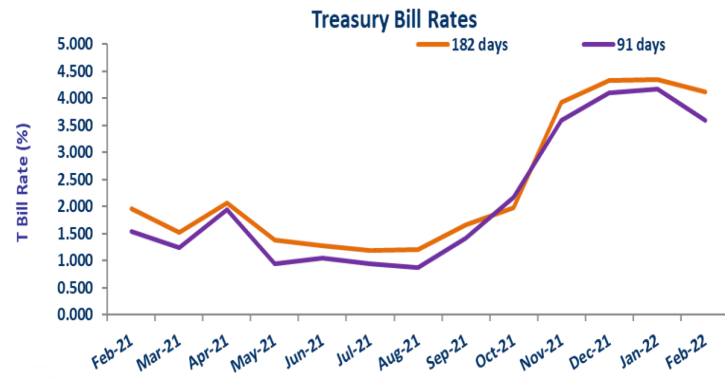
According to the latest data available from the Bank of Jamaica's quarterly report, "The 14.9 per cent expansion in M2J at November 2021 was largely underpinned by growth of 13.8 per cent in local currency deposits, an acceleration relative to the 10.8 per cent recorded at end September 2021."

"The acceleration in the growth in deposits was reflected in savings and time deposits, which grew by 16.0 per cent and 6.2 per cent, respectively, relative to growth of 15.6 per cent and -3.3 per cent in September 2021. Growth in M2J was also influenced by growth of 19.5 per cent in currency with the public, relative to growth of 19.1 per cent in September 2021."



## Treasury Bills:

For the month of February, applications for treasury bills exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J\$2.2 billion in treasury bills, while applications totaled J\$2.19 billion for the 91-day bill, J\$1.62 billion for the 182-day bill and J\$1.98 billion for the 270-day bill respectively. The 91-day treasury bill auction resulted in the average yield of 3.59%, down 57.6 basis points compared to January 2021, the 182-day treasury bill auction resulted in the average yield of 4.12%, down 21.9 basis points relative to the prior month. The average yields on the 91-day increased by 206.4 basis points compared to the auctions in 2021 for the comparable period. The 182-day treasury bills went up 216.0 basis points relative to the corresponding auctions in 2021. (Refer to the graph on the right).



## OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
7-Jan-22	28 Days	3.00%	N/A	Fixed	4-Feb-22
14-Jan-22	28 Days	3.00%	N/A	Fixed	11-Feb-22
21-Jan-22	28 Days	3.00%	N/A	Fixed	18-Feb-22
28-Jan-22	28 Days	3.00%	N/A	Fixed	25-Feb-22
25-Jan-22	3.3 Years	4.50%	N/A	Fixed	25-Feb-25
25-Jan-22	9.8 Years	9.63%	N/A	Fixed	21-Nov-31

The Bank of Jamaica issued four 28 Days Certificate of Deposit and two long term Benchmark Investment Notes in the month of January.

## TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in November 2021 amounted to 152,097 a 207.8% change when compared 49,413 recorded November 2020. Notably this is due to global travel restrictions as a result of the pandemic. Jamaica borders were re-opened on June 15, 2020 with the exception of the cruise ship piers which eventually returned on November 8, following an 18-month absence because of the COVID-19 pandemic.

Stopover arrivals from the U.S. market total of 116,952 arrivals, there were 42,980 arrivals in November 2020 (see Tourist Arrivals table to the right).

The Canadian market arrivals amounted to 13,970 relative to the 3,295 a year prior. While the European market region recorded a total of 17,684 stopover arrivals in November 2021 when compared to the 1,725 in November 2020. Arrivals from Caribbean totalled 2,152 stopovers in comparison to the 872 in November 2020.

Stopover Arrivals by Market Region					
	November	Share	November	Share	Change
Country	2021	%	2020	%	%
U.S.A.	116,952	76.9%	42,980	87.0%	172.1%
Canada	13,970	9.2%	3,295	6.7%	324.0%
Europe	17,684	11.6%	1,725	3.5%	925.2%
Latin America	974	0.6%	384	0.8%	153.6%
Caribbean	2,152	1.4%	872	1.8%	146.8%
Asia	193	0.1%	105	0.2%	83.8%
Others	172	0.1%	52	0.1%	230.8%
Total	152,097	100.0%	49,413	100.0%	207.8%





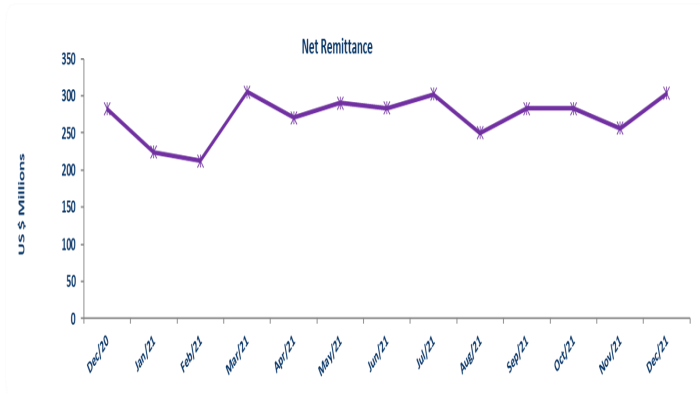
## REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for December 2021, showed that total Remittance inflows amounted to US\$321.6 million (2020: US\$301.3 million), while outflows totalled US\$18.0 million (2020: US\$19.0 million).

Net remittances were US\$303.6 million, an increase of US\$21.2 million (7.5%) relative to US\$282.4 million reported for the corresponding month of 2020.

Total remittance inflows from April to December 2021 of US\$2,692.8 million increased by 15.1% or US\$353.6 million relative to the previous corresponding period.

The largest source market of remittances to the island in December was USA with a share of 69.4% (2020: 67.1%). The remaining remittances during the aforementioned month came from UK (11.1%) followed by Canada (9.7%) and the Cayman Islands (6.2%).



## NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica's Net International Reserves as at January 31, 2022 now sits at US\$3,507.66 million, reflecting a decrease of US\$493.12 million relative to the US\$4,000.77 million reported at the end of December 2021.

Foreign Assets now total US\$4,335.63 million, US\$497.77 million less than the US\$4,833.40 million reported in December 2021. 'Currency & Deposits' as at January 31, 2022, totalled US\$3,792.23 million reflecting an increase of US\$14.71 million compared to the US\$3,777.52 million reported in December 2021.

'Securities' were valued at US\$336.94 million; US\$3.56 million less than the US\$340.51 million reported in December 2021. The country's 'Special Drawing Rights & IMF Reserve Position' also fell, now valuing US\$206.46 million; US\$508.91 million less than the US\$715.37 million reported in December 2021. Liabilities to the IMF sat at US\$827.98 million which reflected a month on month decline of US\$4.65 million in comparison to the US\$832.62 million recorded for December 2021. At its current value, the nation's NIR are US\$524.85 million more than the US\$2,982.81 million reported at the end of January 2021. The current reserve can support approximately 48.74 weeks of goods imports and 30.06 weeks of goods and services imports.

