

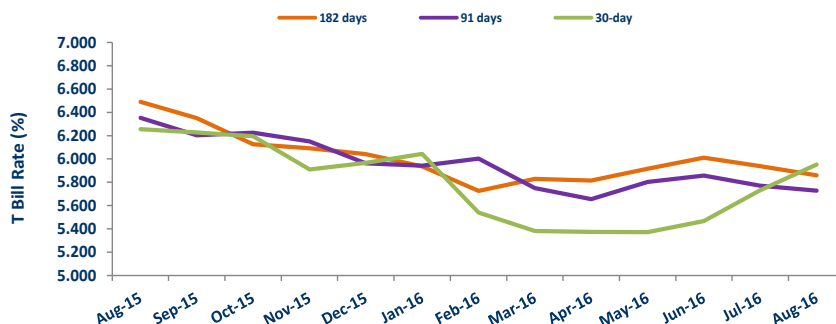


LOCAL ECONOMY

TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

Treasury Bills:

BOJ's August auction of the 30-day Treasury bill closed with an average yield of 5.95%, reflecting an increase of 22 basis points relative to the July auction. The 91-day Treasury bill auction resulted in an average yield of 5.73%, down 4 basis points relative to the July's auction. Furthermore, the 182-day Treasury bill auction yielded an average rate of 5.86%, a decrease of 8 basis points relative to the July's outturn. Notably, the average yields on the 30-day Treasury bill decreased by 30 basis points while 91-day and the 182-day treasury bills declined by 62 and 63 basis points respectively, relative to the corresponding auctions in 2015. *(Refer to graph on the right).*



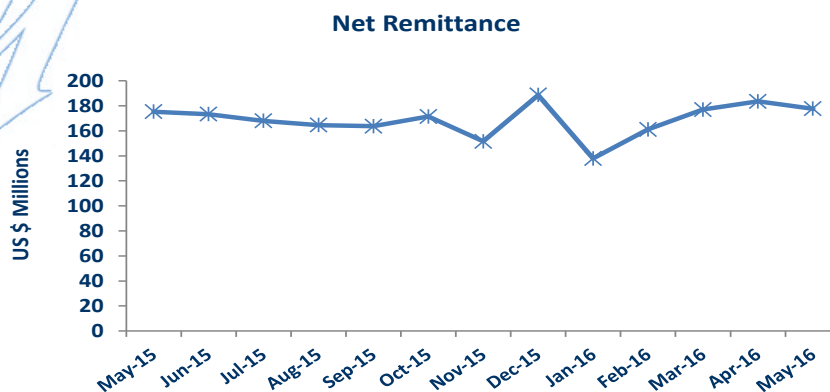
Producer Price Index:

Latest data on the Producer Price Index (PPI) from the Statistical Institute of Jamaica (STATIN) indicated, "in July 2016. This was due to a similar upward movement of 1.1 per cent for the major group 'Bauxite Mining & Alumina Processing'. Producer prices for the Manufacturing industry increased by 0.2 per cent. Contributing to this movement were the major groups 'Food, Beverages & Tobacco' which rose by 0.1 per cent, 'Chemical and Chemical Products' which increased by 0.6 per cent and 'Paper and Paper Products' which recorded a movement of 2.8 per cent. However, these upward movements were moderated by a 0.4 per cent decline in the major group 'Refined Petroleum Products'."

"The point-to-point movements in the PPI, for the period July 2015 to July 2016, reflected an increase of 8.0 per cent in the index for the Mining & Quarrying. For the same period under review, the producer prices within the Manufacturing industry moved down by 0.1 per cent. The movement in the index for the Manufacturing industry was due largely to a decrease of 16.5 per cent in the index for the major group 'Refined Petroleum Products'. However, this movement was moderated by the 2.0 per cent increase in the heaviest weighted major group, 'Food, Beverages & Tobacco'."

"The index for the Mining & Quarrying industry recorded a 3.2 per cent increase for the fiscal year-to-date 2016/2017 (April 2016 to July 2016), with the Manufacturing industry moving upwards by 4.3 per cent."

Tourist Arrivals: July 2016									
Month	Foreign Nationals	Change 2015/14	Change 2015/13	Non-Resident Jamaicans	Change 2015/14	Change 2015/13	Total Stopover Arrivals	Change 2015/14	Change 2015/13
January	169,485	1.7%	6.5%	10,074	1.1%	-0.1%	179,559	1.7%	6.1%
February	175,471	4.1%	9.5%	9,801	6.6%	8.0%	185,272	4.2%	9.4%
March	204,846	2.9%	8.1%	14,827	13.4%	31.1%	219,673	3.6%	9.4%
April	176,926	-0.4%	4.5%	12	-5.5%	-5.4%	188,604	-0.7%	3.8%
May	157,451	-0.8%	1.0%	10,433	7.7%	0.4%	167,884	-0.3%	1.0%
June	179,051	5.5%	3.3%	15,037	18.4%	9.4%	194,088	6.4%	3.7%
July	208,773	3.2%	3.6%	19,396	5.3%	-0.1%	228,169	3.4%	3.2%
May-Jul.	545,275	2.8%	2.7%	44,866	9.9%	3.0%	590,141	3.3%	2.8%
Jan-Jul.	1,272,003	2.4%	5.2%	91,246	6.8%	5.7%	1,363,249	2.7%	5.2%



TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in July 2016 amounted to 228,169 an increase of 3.4% relative to 220,662 in July 2015.

Stopover arrivals from the U.S. market increased by 5.1% in July 2016 with a total of 164,232 arrivals compared to 156,332 arrivals in July 2015.

The Canadian market recorded a increase in arrivals of 2.1% with stopovers relative to 25,995 stopovers in July 2016 relative to 25,461 in July 2015.

The European market region recorded an decrease of 2.45% in July 2016. This market provided 26,169 stopover arrivals compared to the 26,824 recorded in July 2015.

Arrivals from Latin America recorded a 24.1% decrease with a total of 2,332 stopovers relative to 3,072 in July 2015. (see Tourist Arrivals table above)

REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for May 2016, "net remittances were US\$177.7 million, an increase of US\$2.6 million or 1.5 per cent relative to the corresponding month of 2015 (Table 1). The growth in net remittance inflows reflected an increase in total remittance inflows which was partially offset by a marginal expansion in remittance outflows."

For the period April 2016 to May 2016, "net remittances totalled US\$361.2 million, an increase of US\$19.8 million or 5.8 per cent relative to the corresponding period of the last fiscal year. This growth reflected an increase in gross remittance inflows which was partially offset by a small increase in outflows."

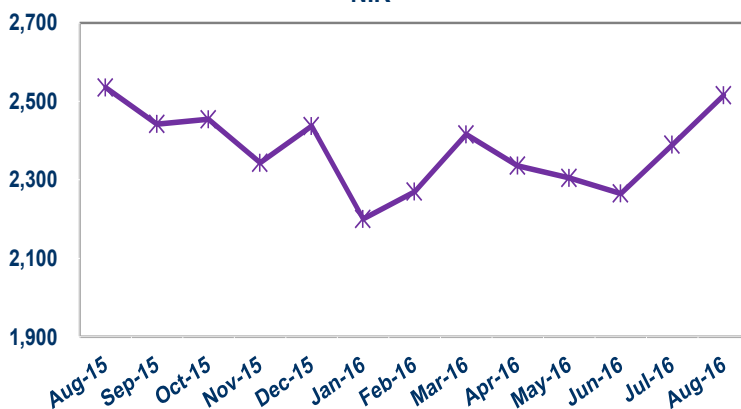


NET INTERNATIONAL RESERVES

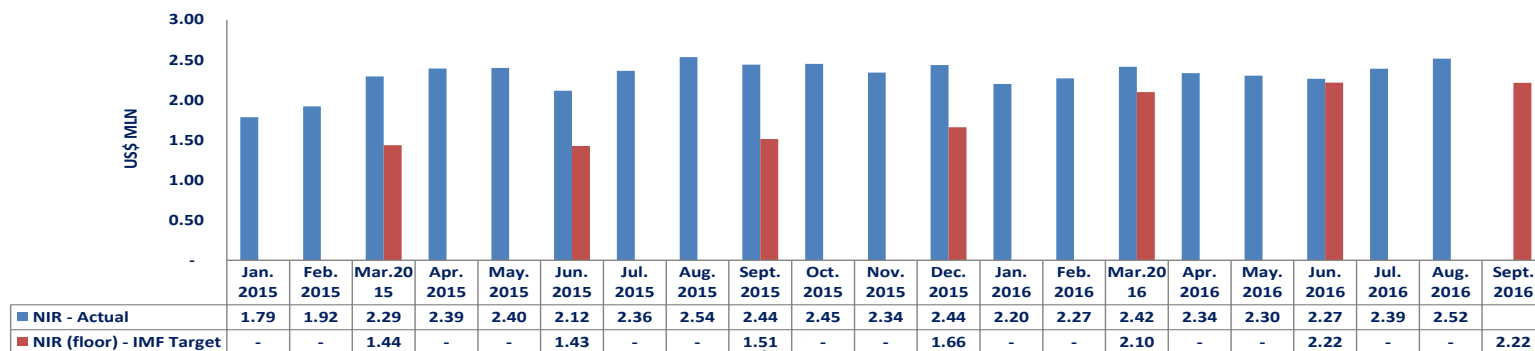
Jamaica's Net International Reserves totaled US\$2,515.52 million as at August 2016, reflecting an increase of US\$126.02 million relative to the US\$2,389.49 million reported as at the end of July 2016.

Changes in the NIR resulted from an increase in Foreign Assets of US\$126.39 million to total \$3,068.58 million. Currency and Deposits contributed the most to the increase in Foreign Assets. Currency and Deposits as at August 2016 totaled US\$2,751.45 million reflecting an increase of US\$127.57 million compared to US\$2,623.88 million booked as at July 2016. There was an increase in Foreign Liabilities of US\$370,000 to total US\$553.06 million, stemming from a rise in Liabilities to the IMF. Liabilities to the IMF which accounted for 95.93% of total foreign liabilities, increased to a total of US\$553.06 million as at the end of August 2016 relative to US\$530.20 million recorded in July 2016.

NIR

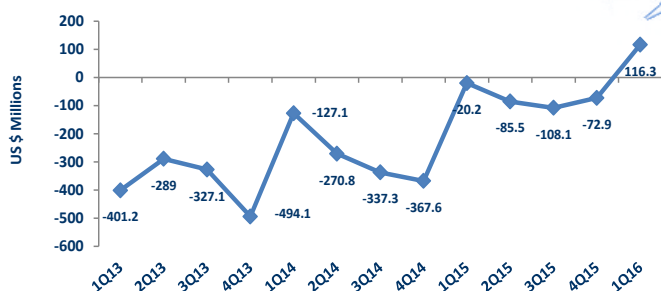


Actual NIR vs IMF Target



CURRENT ACCOUNT BALANCE

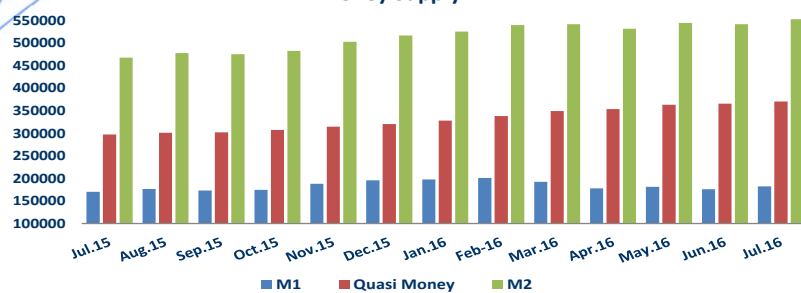
Current Account Balance



The latest data from the Bank of Jamaica shows the Current Account balance for the period January 2016 to March 2016 amounted to US\$116.3 million. This however represents an improvement of US\$136.50 million relative to the deficit of US\$20.2 million recorded for the first quarter of 2015.

MONEY SUPPLY

Money Supply

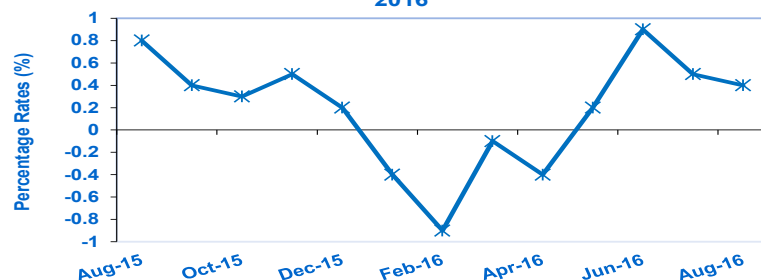


Total Money Supply (M2) as at July 31, 2016 amounted to J\$553.14 billion, a marginal increase of 2% compared to the \$542.05 billion reported in June 2016 and a 18% increase year over year. M2, comprises M1 plus short-term (usually a year and under) savings and time deposits, certificates of deposit, foreign currency transferable deposits and repurchase agreements.

CONSUMER PRICE INDEX

The inflation rate for the month July 2016 was 0.4%. The main contributor to the increase was an upward movement in the index for 'Housing, Water, Electricity, Gas and Other Fuels' which advanced 1.8%. Notably the Division recorded the highest movement for a second consecutive month, due mainly to a rise in the rates for both electricity and water resulted in the groups 'Electricity, Gas and Other Fuels' and 'Water Supply and Miscellaneous Services Related to the Dwelling', showing an inflation rate of 3.1% and 1.7% respectively. The index for the group 'Rentals for Housing' recorded an increase of 0.1%, while 'Maintenance and Repair of Dwelling' recorded a negligible movement. The 'Food and Non-Alcoholic Beverages' division registered an increase of 0.4% for the month of August 2016. The group 'Food' advanced by 0.4% driven by a 0.9% increase in the index for 'Vegetables and Starchy Foods'. Prices continued to move upwards for the items Irish Potato, Yam, Sweet Pepper and Tomato, while an increase was also recorded for items in the 'Fruits' class by 0.6%. The index for 'Non-Alcoholic Beverages' rose by 0.2% with increases in the classes 'Coffee, Tea and Cocoa' of 0.3% and 'Mineral Waters, Soft Drinks, Fruit and Vegetables Juices' up by 0.2%.

Monthly Inflation Rate from August 2015 to August 2016



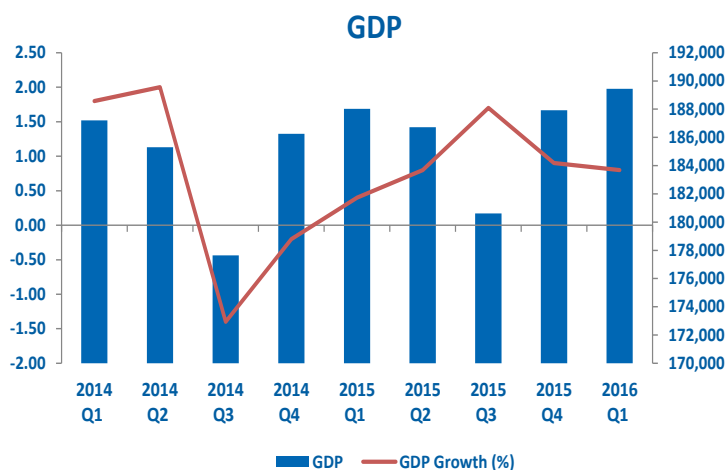


GROSS DOMESTIC PRODUCT

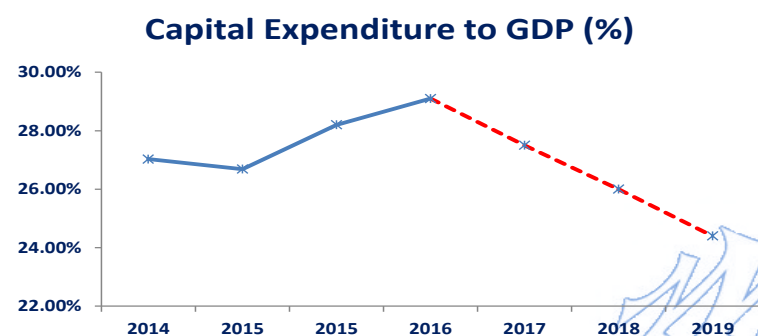
According to the *Statistical Institute Of Jamaica*, “The Jamaican economy grew by 0.8 per cent for the first quarter of 2016 when compared to the similar quarter of 2015. This resulted from increased output levels in both the Goods Producing Industries of 0.9 per cent and the Services Industries of 0.7 per cent.”

“For the Goods Producing Industries, Agriculture, Forestry & Fishing, Manufacturing and Construction industries reported increased outputs for the period. Value added for the Agriculture, Forestry & Fishing industry grew by 3.0 per cent due to favourable weather conditions and the assistance to farmers under the drought mitigation programme. Both the Manufacturing and Construction industries increased by 0.2 per cent. The Mining & Quarrying industry recorded a fall of 1.5 per cent in value added because of the fall in bauxite mining and alumina production.” Within the Services Industries, improved performance was reported for all industries with the exception of Producers of Government Services which declined by 0.1 percent. Higher levels of output were recorded for Electricity & Water (5.3%); Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (0.5%); Hotels & Restaurants (2.4%); Transport, Storage & Communication (0.4%); Finance & Insurance Services (1.6%); Real Estate, Renting & Business Activities (0.4%) and Other Services (0.4%).”

“The economy declined by 0.6 per cent for the March quarter of 2016 when compared to the December quarter of 2015. This resulted from a 1.0 per cent decline in the Services Industries while the Goods Producing Industries grew by 0.8 per cent.”

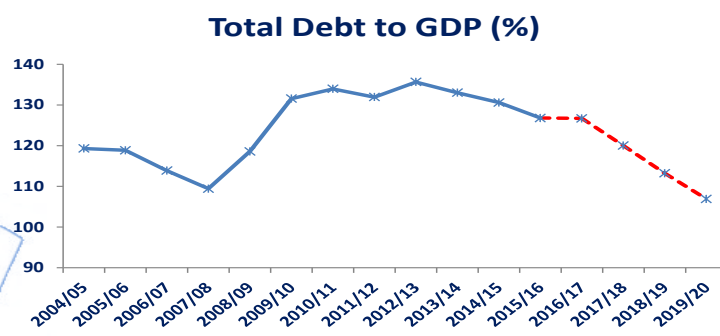


CAPITAL EXPENDITURE TO GDP



The GOJ has targeted capital expenditures of \$43 billion for FY 2016/17; this would result in a CapEx to GDP of 2.5%. With regards to the objective of facilitating sustainable economic growth with job creation, Capital Expenditures have underperformed their targets. Governments Operating Results reveal actual capital expenditures for the period April to June 2016 of \$9.6 billion relative to the \$13.3 billion projected, a \$3.7 billion or 27.4% decrease. This result is however more (4.3%) than the \$9.2 billion spent during the corresponding period last year. However, given our requirement to maintain a still aggressive primary surplus target of 7% GDP, the overall underperformance of projected expenditures bodes well.

DEBT TO GDP



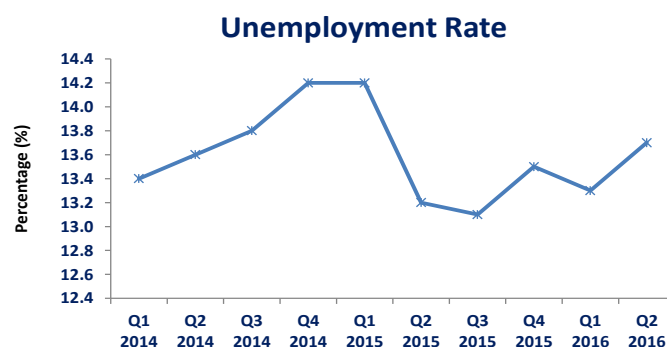
In order to meet the debt to GDP target set for fiscal year (FY) 2016/17, the government has targeted debt levels of \$2.187 trillion assuming real GDP growth of 1.8% or nominal GDP of \$1.726 trillion. When reviewing the Government Operation Results for the period April to June 2016, the GOJ has outperformed projections by -7.7% or spending \$1.5 billion less than estimated on Amortization (debt) to total \$18.4 billion. A decrease in both domestic and external amortization expenditures contributed to the overall decline by 23.3% (\$3.9 billion) and 2.2% (\$14.2 billion) respectively. Less debt in relation to projected nominal GDP is preferred and is a positive and encouraging trend.

LABOUR FORCE

Unemployment Rate (%)	January Q1	April Q2	July Q3	October Q4
2014	13.4	13.6	13.8	14.2
2015	14.2	13.2	13.1	13.5
2016	13.3	13.7		

Labour force	January Q1	April Q2	July Q3	October 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	1,341,700	1,353,500		

The second quarter 2016 Labour Force survey indicates that the number of persons who are employed and who are seeking and are available to take up jobs, have increased when compared to the corresponding period in 2015. In second quarter of 2016, the total number of person in the Labour Force amounted to 1,353,500 person, 4.1% higher than the 1,300,400 reported for the second quarter of 2015. The male labour force increased by 17,300 (2.4%) to 729,500 and the female labour force increased by 35,800 (6.1%) to 624,000. The unemployment rate in second quarter was 13.7%, increasing 0.5% compared to the corresponding quarter of 2015 rate of 13.2%. The unemployment rate for men declined from 10.3% to 9.6% while the rate for women climbed from 16.8% to 18.4%.



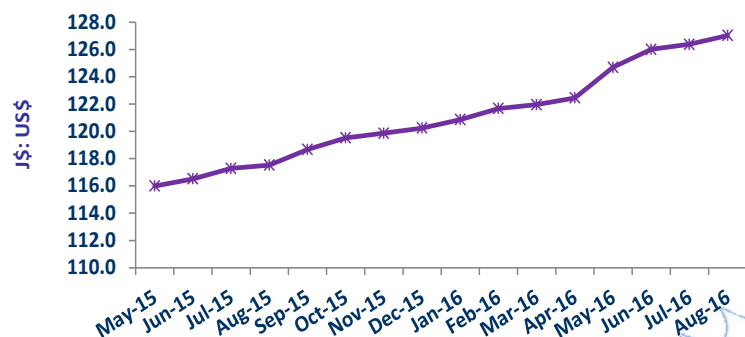


FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of August. The JMD decreased \$0.65 in August, to close the month at an average of \$127.03 relative to the \$126.38 recorded in July. Year over year, the JMD has depreciated by approximately \$9.51 or 8.09% relative to the \$117.52 of August 2015.

Exchange Rate Movements



INTERNATIONAL FOREX

GBP/USD: The pair closed the month at \$1.3138 with the GBP depreciating against the USD. According to reports from FX Empire, "for September the U.S. dollar is expected to continue its gain while Brexit negotiation will have some impact on the greenback." Reports have surfaced suggesting that UK Prime Minister, Theresa May will be chairing a brainstorming meeting. Furthermore, whilst it is possible that article 50 will not be triggered for another two years, any solid indications of how the U.K. will facilitate it and the probable time-frame, should help to lessen some of the current pressure on Sterling moving forward.

EURO/USD: The USD appreciated against the EUR for the month of August. FX Empire highlighted that, the Euro closed the month at \$1.1158 and is expected to remain this way in September with the ECB and the Federal Reserve moving in opposite directions.

Int'l Currency Prices: August 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3179	1.3357	1.2880	1.3138
USD/CAD	1.3124	1.3172	1.2782	1.3105
EUR/USD	1.1163	1.1354	1.1086	1.1158
USD/JPY	102.39	103.43	99.89	103.43

USD/CAD: The CAD appreciated against the USD during the month of March by 0.14% to close at \$1.3105.

OPEN MARKET OPERATIONS

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Maturity Date Payment
08-Aug-16	14 Days	6.28%	N/A	Fixed	23-Aug-16
15-Aug-16	14 Days	6.28%	N/A	Fixed	30-Aug-16
22-Aug-16	14 Days	6.75%	N/A	Fixed	06-Sep-16
29-Aug-16	14 Days	7.08%	N/A	Fixed	13-Sep-16

MINISTRY OF FINANCE

The Bank of Jamaica issued four 14-day repurchase operation during the month of August 2016

INTERNATIONAL ECONOMY

United States: According to the U.S. Bureau of Labor Statistics "The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2% in August on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index rose 1.1% before seasonal adjustment. The seasonally adjusted increase in the all items index was caused by a rise in the index for all items less food and energy. It increased 0.3% in August, as the indexes for shelter and medical care advanced."

EURO Zone: According to the European Union's statistics office, "Euro area annual inflation was 0.2% in August 2016, stable compared with July. In August 2015 the rate was 0.1%. European Union annual inflation was 0.3% in August 2016, up from 0.2% in July. A year earlier the rate was 0.0%. These figures come from Eurostat, the statistical office of the European Union. In August 2016, negative annual rates were observed in twelve Member States. The lowest annual rates were registered in Croatia (-1.5%), Bulgaria (-1.1%) and Slovakia (-0.8%). The highest annual rates were recorded in Belgium (2.0%), Sweden (1.2%) and Estonia (1.1%). Compared with July 2016, annual inflation fell in seven Member States, remained stable in six and rose in fifteen. The largest upward impacts to euro area annual inflation came from restaurants & cafés (+0.10 percentage points), fruit and vegetables (both +0.07 pp), while fuels for transport (-0.35 pp), heating oil and gas (both -0.12 pp) had the biggest downward impacts."

Commodity: According to the IMF: "Commodity prices slightly fell by 0.1 percent in August, small gains in energy and metal prices were offset by a decrease in agriculture prices. Metal prices continued their increasing trend following Chinese stimulus measures. Agriculture prices fell for second consecutive month on ample supply and improved production prospects."

CARICOM:

Belize- The Belize economy continues to fluctuate, with growth plummeting from 3.7% in 2012 to 1% last year, according to the Statistical Institute of Belize (SIB). In 2014 the country reported a GDP growth rate of 4.1% after recording 1.3% in 2013. The primary sectors of Belize's economy, which have traditionally strengthened the economy produced 27% less in the fourth quarter, due to a decrease of 58% in fishing while marine exports were down by \$13 million. Additionally the crude oil production front decreased by almost 20% in petroleum production due to the natural depletion of reserves at Spanish Lookout. Production by Belize Natural Energy decreased by almost 29,000 barrels of oil.

According to Focus Economics, Belize officially entered into technical recession in Q2 of 2016 based on latest GDP data. After a 2.0% year-on-year drop in Q1, tumbling agricultural activity prompted a 1.6% GDP contraction in Q2. Q2's print was mainly driven by lower citrus, banana and marine production. In line with reduced production, Belize's exports also dropped a massive 25% in Q2, while imports remained virtually unchanged. However, on a positive note, tourism recorded a strong 13% increase in Q2 with seven new cruise ships visiting Belize.

Bahamas - According to the Central Bank in Bahamas, "Indications are that domestic economic conditions remained mildly positive over the review period, characterised by continued foreign investment-led construction activity, while the impulses from the tourism sector were modest. In prices developments, the inflation rate narrowed during the 12 months to June, reflecting the sustained impact of low global oil prices. Meanwhile, liquidity in the banking system firmed, buoyed by the Government's financing activities, while the lowered import pressures, also from abated fuel prices, contributed to a modest gain in external reserves."

"Indications are that tourism output trends softened during the first half of 2016, in comparison to the previous year. The latest official data from the Ministry of Tourism suggests that the increase in the high value-added stopover visitor segment (air arrivals) slowed to 2.7% from last year's 5.0% gain, for a total of 0.8 million tourists. The overall visitor count firmed by 1.7% to 3.3 million, a reversal from a 1.1% decline in the prior year, as the dominant sea component expanded by 1.5% to 2.5 million, vis-à-vis 2015's 2.8% contraction."

