



LOCAL ECONOMY

TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

Treasury Bills:

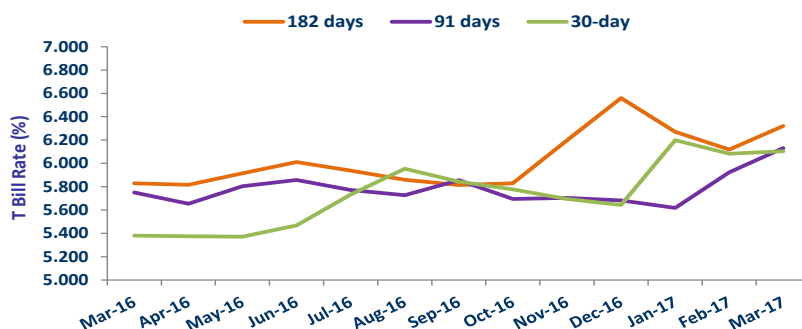
BOJ's March auction of the 30-day Treasury bill closed with an average yield of 6.10%, reflecting an increase of 2 basis points relative to the February auction. The 91-day Treasury bill auction resulted in an average yield of 6.13%, up 21 basis points compared to February's auction. Furthermore, the 182-day Treasury bill auction yielded an average rate of 6.32%, an increase of 20 basis points relative to the February's outturn. Notably, the average yields on the 30-day Treasury bill increased by 72 basis points, while 91-day increase by 38 basis points compared to the auctions in 2016 for the comparable period. The 182-day treasury bills increased by 49 basis points relative to the corresponding auctions in 2016. *(Refer to graph on the right).*

Producer Price Index:

Latest data on the Producer Price Index (PPI) from the Statistical Institute of Jamaica (STATIN) recorded a negligible movement in the Mining & Quarrying industry, while the Manufacturing industry increased by 0.1% for the month. The major group 'Refined Petroleum Products' which moved up by 0.2%, was the main contributor to the movement for the Manufacturing industry. The heaviest weighted major group, 'Food, Beverages and Tobacco' recorded a negligible movement in its index for February, following a 0.4% increase in January 2017.

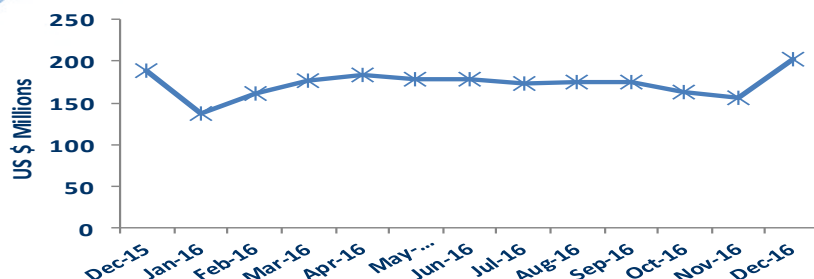
According to STATIN, "The point-to-point movement for February 2017 over February 2016 recorded an increase of 27.8% in the index for the Mining & Quarrying industry. The Manufacturing industry moved upwards by 8.3%. This movement was attributed mainly to the increases in the major groups 'Refined Petroleum Products' 38.7% and 'Food, Beverages & Tobacco' 2.7%."

For the fiscal year-to-date 2016/2017 April 2016 to February 2017, the Mining & Quarrying industry registered an increase of 22.7%, while the Manufacturing industry advanced by 6.8%.



Stopover Arrivals by Market Region					
	Janaury 2017	Share %	Janaury 2016	Share %	Change %
Country					
U.S.A.	103,026	55.4%	101,143	56.3%	1.9%
Canada	45,905	24.7%	43,176	24.0%	6.3%
U.K.	17,552	9.4%	15,353	8.6%	14.3%
Europe	11,177	6.0%	11,285	6.3%	-1.0%
Caribbean	4,147	2.2%	4,785	2.7%	-13.3%
Others	4,066	2.2%	3,817	2.1%	6.5%
Total	185,873	100.0%	179,559	100.0%	3.5%

Net Remittance



TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in January 2017 amounted to 185,873, an increase of 3.5% when compared to 179,559 recorded in January 2016.

Stopover arrivals from the U.S. market increased of 1.9% in January 2017 with a total of 103,026 arrivals compared to 101,143 arrivals in January 2016.

The Canadian market recorded an increase in arrivals of 6.3% with arrivals amounting to 45,905 relative to 43,176 in January of last year.

The European market region recorded a growth in arrivals by 7.8% to 28,729 stopover arrivals in January 2017, relative to 26,638 recorded for January 2016.

Arrivals from Latin America recorded increase of 16.9% with a total of 2,805 stopovers relative to 2,400 in January 2016. (see Tourist Arrivals table above)

REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for December 2016, showed, "net remittances were US\$202.2 million, an increase of US\$13.6 million or 7.2% relative to the corresponding month of 2015."

For the period January 2016 to December 2016, "net remittances totalled US\$2056.1 million, an increase of US\$62.9 million, relative to US\$1993.2 million recorded for the corresponding period of the last fiscal year, this represented a growth rate of 3.2% year over year.

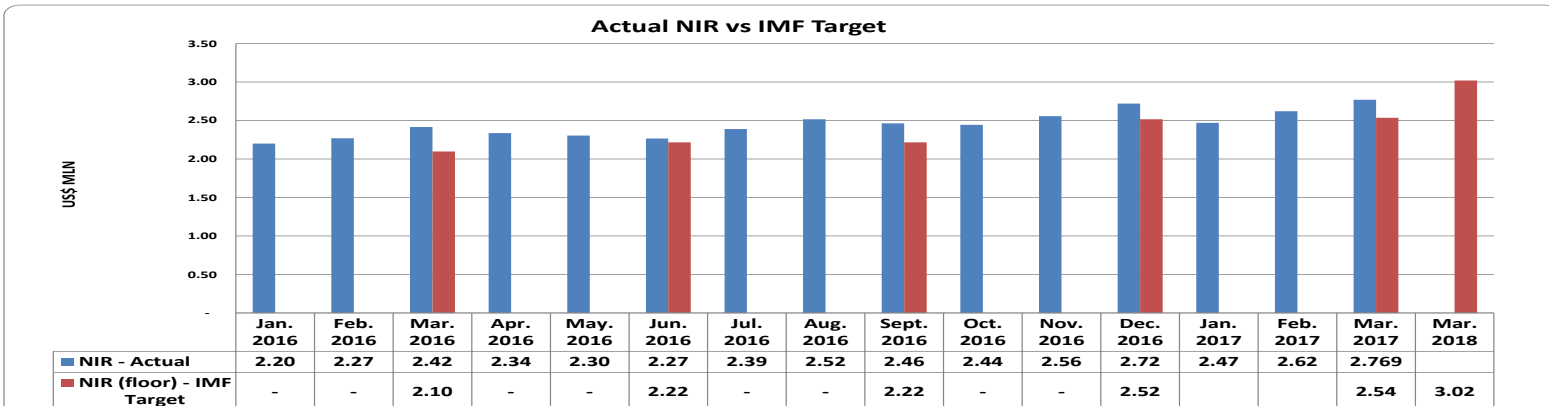
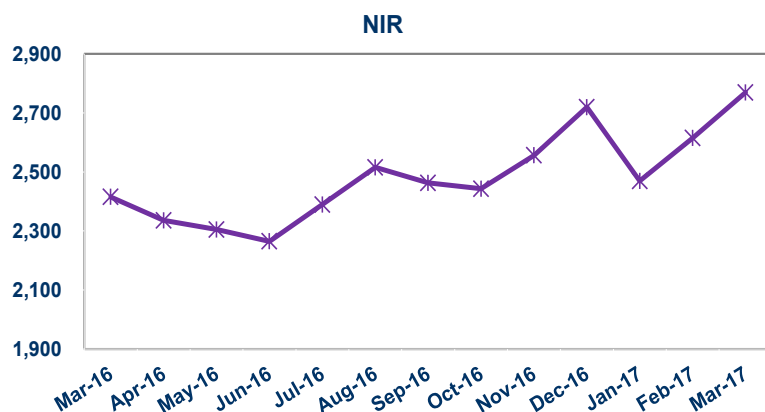
The growth in remittances was driven by a 2.2% increase in 'remittance companies' which closed the period at US\$1978.3 million compared to the US\$1935.0 million recorded in 2015. 'Other remittances' closed the period at US\$313.2, a 7.6% increase over the US\$291.0 million booked in 2015.



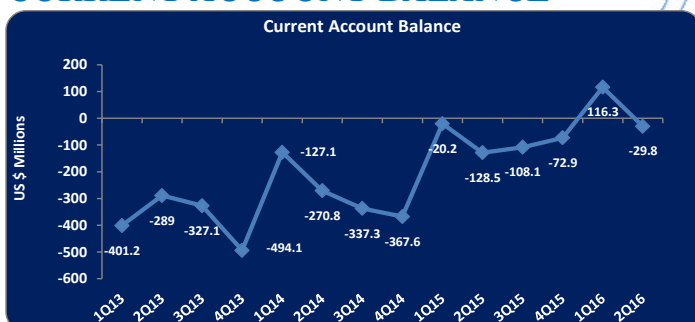
NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves totaled US\$2,769.17 million as at March 2017, reflecting an increase of US\$153.90 million relative to the US\$2,615.26 million reported as at the end of February 2017.

Changes in the NIR resulted from an increase in Foreign Assets of US\$132.62 million to total US\$3,323.89 million. Currency and Deposits contributed the most to the growth in Foreign Assets. This as Currency and Deposits as at March 2017 totaled US\$3,023.39 million reflecting a growth of US\$135.21 million compared to US\$2,888.17 million booked as at February 2017. Foreign Liabilities for March 2017 reflected a decline of US\$21.29 million to total US\$554.72 million. The decrease stemmed from a reduction in 'Other' Liabilities of US\$22.5 million. Liabilities to the IMF which accounted for 100% of total foreign liabilities, increased to a total of US\$554.72 million as at the end of March 2017 relative to US\$553.51 million recorded in February 2017.



CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account deficit for the period April 2016 to June 2016 amounted to US\$29.8 million. This however represents an improvement compared to the deficit of US\$128.5 million recorded for the second quarter of 2015.

CONSUMER PRICE INDEX

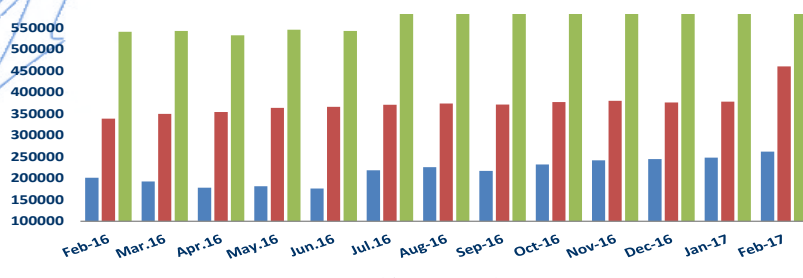
The Consumer Price Index for the month of March was 238.7 and represented an inflation rate of 0.4 per cent. This upward movement was mainly attributed to the 1.5 per cent increase in the index for the division 'Housing, Water, Electricity, Gas and Other Fuels'. This was largely due to higher rates for electricity as well as water and sewage which resulted in the index for the group 'Electricity, Gas and Other Fuels' increasing by 2.6 per cent and the group 'Water supply and Miscellaneous Services Related to the Dwelling' moving up by 1.1 per cent.

The heaviest weighted division 'Food and Non-Alcoholic Beverages' index, moved up by 0.3 per cent. This was primarily due to the class index 'Vegetables and Starchy Foods' increasing by 0.4 per cent. At the end of the first quarter for 2017, the calendar year-to-date inflation was 1.0 per cent, while the fiscal year recorded an inflation rate of 4.1 per cent.

According to the Statistical Institute of Jamaica, "the other divisions that recorded increases in the All Jamaica 'All Divisions' index were: 'Health' 0.2 per cent, 'Alcoholic Beverages and Tobacco' 0.1 per cent, 'Clothing and Footwear' 0.1 per cent, 'Furnishings, Household Equipment and Routine Maintenance' 0.1 per cent and 'Miscellaneous Goods and Services' 0.1 per cent. The divisions to record negligible movements in their index were: 'Recreation and Culture', 'Restaurants and Accommodation Services' and 'Communication'."

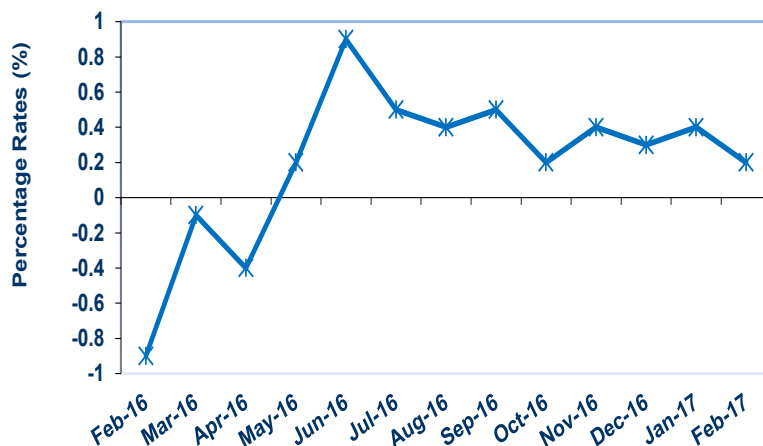
The regional index showed upward movements for all three regions: Greater Kingston Metropolitan Area up by 0.4 per cent, Other Urban Areas up by 0.4 per cent and Rural Areas up by 0.3 per cent.

MONEY SUPPLY



Total Money Supply (M2) as at February 28, 2017 amounted to J\$721.77 billion, an increase of 15% compared to the \$626.12 billion reported in January 2017 and a 34% 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.

Monthly Inflation Rate from February 2016 to February 2017



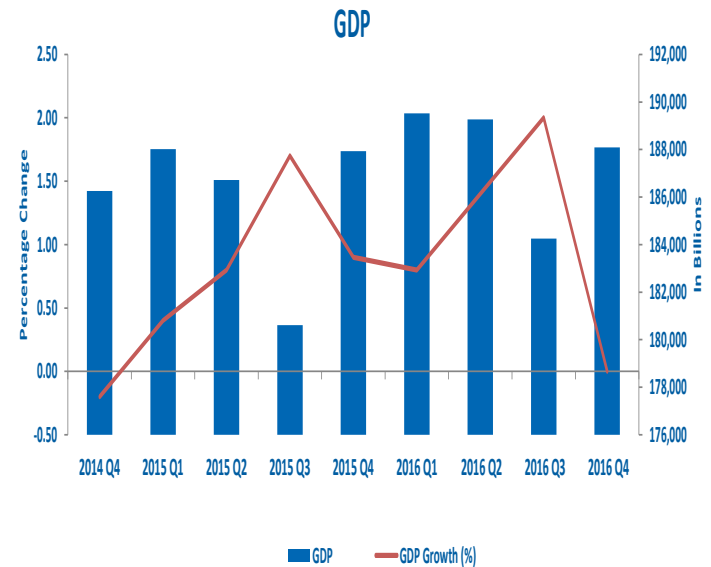


GROSS DOMESTIC PRODUCT

"The Jamaican economy grew by 1.1% for the fourth quarter of 2016 when compared to the corresponding quarter of 2015. This was the eighth consecutive quarterly growth. Increased output levels of 0.5% in the Services Industries and 3.1% in the Goods Producing Industries contributed to the overall growth. Preliminary estimates for the calendar year 2016 indicated a growth of 1.4%."

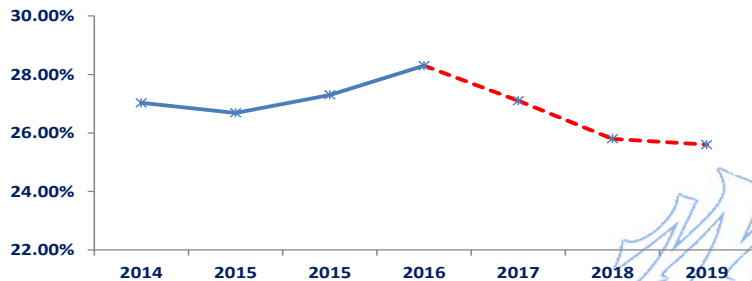
According to the *Statistical Institute Of Jamaica*, "The positive performance of the Goods Producing Industries was due to increased output in Agriculture, Forestry & Fishing (17.1%) and Construction (0.6%). The Agriculture, Forestry & Fishing industry was positively impacted by favourable weather conditions which resulted in higher crop yields, while the Construction industry benefitted from hotel expansion and renovation as well as the construction of office spaces to facilitate the expansion of Business Process Outsourcing activities. However, decreased output was recorded in Manufacturing industry of 0.2% and Mining & Quarrying industry of 11.9%. The decline in the Manufacturing industry was influenced by a 5.3% fall in Other Manufacturing. The fall in Other Manufacturing was due largely to lower output levels in petroleum refining. The effect of the decline was tempered by a 4.9% rise in Food, Beverages & Tobacco sub - industry. Mining & Quarrying industry continued to be negatively affected by reduced demand for bauxite from the overseas refineries."

"Growth was achieved in seven of the eight Services Industries: Electricity & Water (2.0%); Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (0.2%); Hotels & Restaurants (2.5%); Transport, Storage & Communication (0.5%); Finance & Insurance Services (1.0%); Real Estate, Renting & Business Activities (0.3%) and Other Services (0.7%). The increase in visitor arrivals positively impacted the Hotels & Restaurants and Other Services industries. However, the Producers of Government Services industry declined by 0.1%."



CAPITAL EXPENDITURE TO GDP

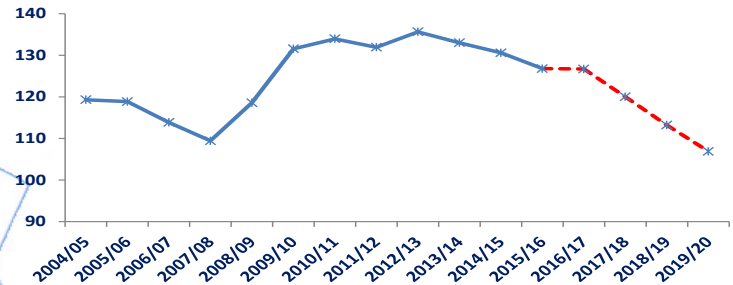
Capital Expenditure to GDP (%)



Total Expenditure for April to February 2017 amounted to \$465.20 billion, \$2.38 billion or 0.5% lower than the budgeted \$67.58 billion. Recurrent expenditure which totaled \$427.92 billion, accounted for 92% of overall expenditures. Relative to projections, recurrent expenditure was \$1.23 billion (0.3%) more than budgeted and \$31.01 billion more than that recorded in 2016. Of the recurrent expenditure categories over the review period, 'Compensation of Employees' was 1.6% lower than budgeted due to 'Wages & Salaries' being \$152.55 billion, 2.5% lower than the budgeted figure of \$156.46 billion. 'Interest' also ended the period under budget by 2.6%, while 'Programmes' rose by 5.6%. Capital expenditure for the period was 8.8% lower relative to the budgeted total of \$37.29 billion. As a result of the decrease in expenditures for April to February 2017, the 'Fiscal Deficit' was \$35.58 billion, 35.9% lower than budgeted. Additionally, the primary balance for the period exceeded the budgeted amount by \$16.49 billion (21.8%) to total of \$92.08 billion for the period.

DEBT TO GDP

Total 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 a real GDP growth of 1.8% or nominal GDP of \$1.726 trillion. Jamaica's total public debt as at February 2017 amounted to \$2.154 trillion, a marginal increase of 0.29% compared to the \$2.148 trillion recorded for January 2017.

A review of the Government Operation Results for the period April 2016 to February 2017, indicates GOJ estimated that the primary balance, as a performance criterion, should amount to \$54.00 billion, the criteria for the quarter ended March is \$123.0 billion. As at February 2017, the actual figure was ahead of projection at \$92.08 billion. Estimated revenue for the period is \$412.10 billion, results for January 2017 showed revenue of \$429.62 billion.

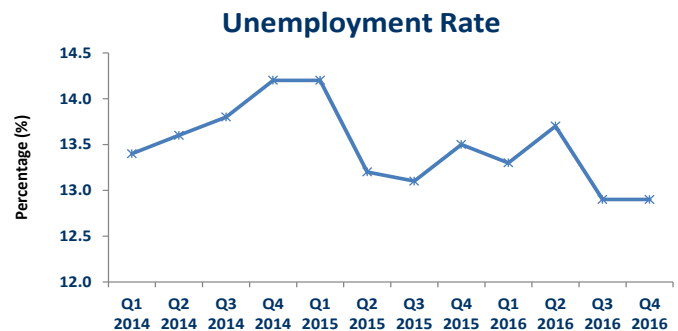
The Government has proposed a redefinition of Public Debt that will become effective April first. Under the new definition Jamaica's Debt to GDP will 115% of GDP at the end of FY2016/17 compared to 124.1% under the old definition.

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	12.9	12.9

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	1,363,300	1,355,500

The fourth 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 the fourth quarter of 2016, the total number of persons in the Labour Force amounted to 1,355,500 persons, 2.3% higher than the 1,325,200 reported for the fourth quarter of 2015. The male labour force increased by 6,100 (0.8%) to 729,300 for the quarter (2015: 723,200) and the female labour force increased by 24,000 (4.0%) from 602,200 to 626,200. The unemployment rate in fourth quarter was 12.9%, decreasing by 0.6% compared to the corresponding quarter of 2015 rate of 13.5%. The unemployment rate for men decreased from 9.3% to 8.9% while the rate for women the rate declined from 18.5% to 17.5%.



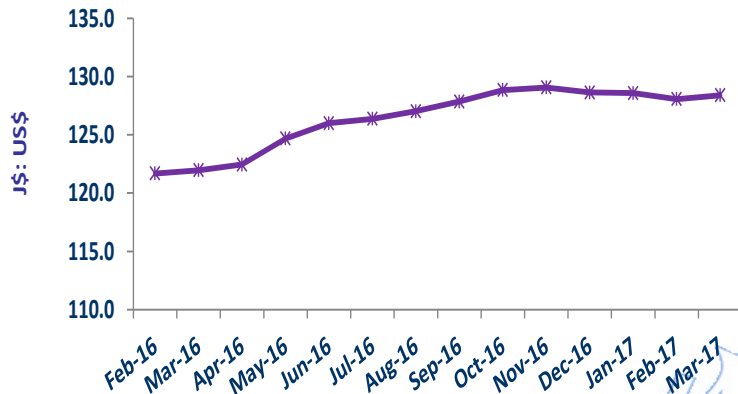


FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of March. The JMD declined \$0.33 in March, to close the month at an average of \$128.40 relative to the \$128.07 recorded in February. Year over year, the JMD has depreciated by approximately \$6.44 or 5.28% relative to the \$121.96 of March 2017.

Exchange Rate Movements



INTERNATIONAL FOREX

GBP/USD: The pair closed the month at \$1.2550. "Looking ahead to the coming month, the dollar is expected to hold steady and we could also see the beginning of the negotiations between the Euro and the UK leaders and this is likely to be a long affair filled with a lot of risk and uncertainty and hence volatility is guaranteed in this pair during the coming month of April. We expect the pound to be under pressure in the coming month due to these risks and hence range-bound. Technically also, the pair seems to be in a well set range between 1.26 and 1.21 for the time being and we don't expect anything much to change unless some clarity emerges fundamentally, regarding the Brexit process."

EURO/USD: The dollar continued to strengthen across the board as the pair closed the month of February at \$1.0652. According to *FX Empire*, "Unlike some of the other currency pair, the EURUSD pair had a good first half of the month in March but then tapered off towards the end of the month which promises that the month of April is likely to be quite tricky on where on the pair is likely to end up." "Also, we do not expect the Fed to change much of their language when they release their minutes for the month of April and so we could expect the strength of the dollar to be generally tapered down in the coming month which should help the EURUSD pair to remain decently bid during the course of the month."

Int'l Currency Prices: March 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2293	1.2559	1.2153	1.2550
USD/CAD	1.3325	1.3511	1.3304	1.3318
EUR/USD	1.0547	1.0864	1.0507	1.0652
USD/JPY	113.73	111.39	110.66	111.39

USD/CAD: The CAD depreciated against the USD during the month of March by 0.05% to close at \$1.3318

OPEN MARKET OPERATIONS

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
06-Mar-17	14 days	5.94%	N/A	Fixed	21-Mar-17
20-Mar-17	14 days	7.68%	N/A	Fixed	04-Apr-17
10-Mar-17	1 year	6.89%	N/A	Fixed	14-Mar-18
17-Mar-17	1 year	6.58%	N/A	Fixed	21-Mar-18

MINISTRY OF FINANCE

The Bank of Jamaica issued two repurchase agreement and two JMD Certificate of Deposit.

INTERNATIONAL ECONOMY

United States: According to the *U.S. Bureau of Labour Statistics* "The Consumer Price Index for All Urban Consumers (CPI-U) decreased 0.3% in March on a seasonally adjusted basis, the U.S. Bureau of Labour Statistics reported today. Over the last 12 months, the all items index rose 2.4% before seasonal adjustment. The March decline was the first 1-month decrease in the seasonally adjusted all items index since February 2016. A decline in the gasoline index was the largest factor, with a decrease in the index for wireless telephone services also contributing. The energy index declined 3.2%, with the gasoline index falling 6.2% and other major energy component indexes decreasing as well. The food index rose 0.3%, with the index for food at home increasing 0.5%, its largest increase since May 2014."

EURO Zone: According to the European Union's statistics office, "Euro area annual inflation was 1.5% in March 2017, down from 2.0% in February. In March 2016 the rate was 0.0%. European Union annual inflation was 1.6% in March 2017, down from 2.0% in February. A year earlier the rate was 0.0%. These figures come from Eurostat, the statistical office of the European Union. The lowest annual rates were registered in Romania (0.4%), Ireland and the Netherlands (both 0.6%). The highest annual rates were recorded in Latvia (3.3%), Lithuania (3.2%) and Estonia (3.0%). Compared with February 2017, annual inflation fell in seventeen Member States, remained stable in six and rose in five."

Commodity: According to the *International Monetary Fund*: "Commodity prices fell by 3.8% in March 2017. (Figure 1.) This decrease in the IMF's commodity price index was largely driven by the 5.6% fall in the fuel index. The Food and Beverage Indices fell more modestly, by 2.8% and 1.9% respectively. The metal price index fell by 1.0%."

CARICOM:

Barbados - According to the *Central Bank of the Bahamas*, "Government's interest costs have been rising continuously in recent years, from \$396 million in Fiscal Year 2008/9 to \$673 million in FY 2015/16. In the first nine months of the current FY, the total interest paid on the Government debt was \$593 million. The main reason for the increasing interest cost is the size of the deficit that has been financed by Government borrowing in each of these years. The debt raised to fund each year's deficit incurs additional interest costs, which are added to the already heavy burden of servicing."

Trinidad and Tobago - According to the *Central Bank of Trinidad and Tobago*, "Domestically, the performance of the energy sector has been mixed. Exploration picked up in January and crude oil production pushed marginally past levels observed a year earlier, but natural gas output and associated downstream activity remain very subdued. Nonetheless, there are solid prospects for a boost in gas output from the third quarter. In the non-energy sectors, the latest available data on production, sales, trade and credit show that there is yet to be a recovery in construction and distribution activities. Inflation crept up in January 2017 to 3.6 per cent year-on-year from 3.1 per cent the previous month, influenced in the main by higher prices for food items such as fish, meat and dairy products. This is consistent with the movement in global food prices: the latest Food and Agriculture Organization (FAO) Food Price Index shows that globally traded prices for meat and dairy increased by 9.5 per cent and 36.8 per cent, respectively, in the 12 months to February 2017. Core inflation, meanwhile, measured 2.7 per cent (12-month basis) in January."