



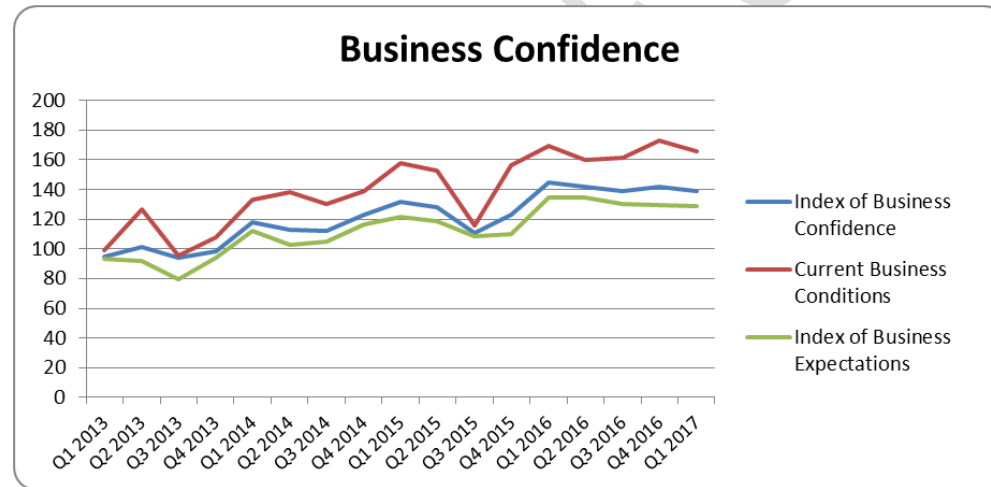
The Jamaica Chamber of Commerce Survey of Business Confidence 1st Quarter 2017 Summary Report

Business Confidence falls in the First Quarter of 2017

- For the quarter ended March 2017, the Jamaica Chamber of Commerce (JCC) index for Business Confidence fell to a reading of 139.3 down from 142.0 in the December 2016 quarter and substantially below the 144.6 in last year's 1st quarter. Over the past five quarters the Business Confidence Index averaged 141.4 with minor variations month to month. The average marks the most stable and highest level of business confidence recorded since the inception of the survey in 2001. According to the Managing Director of Market Research Limited, Don Anderson, "the same was true for the major subcomponents as assessments of both current conditions and future prospects remained trendless at the most favorable levels recorded in the history of the surveys. The maintenance of optimism despite continued economic challenges represents a significant achievement for both government policies, and just as important, the steadfast confidence in those policies shown by business."
- Notably, the index of Current Business Conditions decreased, while the index of Business Expectations also declined in the first quarter of 2017. The index of Current Business Conditions fell to 165.4 in the March quarter from 173.0 in the fourth quarter while the index of Business expectations increased to 129.0 from 129.8 in the fourth quarter of 2016.
- Based on the results of the survey, Don Anderson noted, "tremendous gains made so far must not be jeopardized by a less than compelling case for a hike in business taxes. If these tax increases were accompanied by lessened regulatory impediments to business growth, it would indicate that all policies were aimed to improve the competitive position of Jamaica firms."
- For the first quarter survey, firms were probed for their opinion regarding increased business taxes to meet Jamaica's financial needs. According to the survey, "when asked whether they expected an increase or decrease in business taxes for the next fiscal year, 60% of all firms expected a tax increases compared with just 8% that anticipated a decline." Regarding the prospects for the economy, 56% of the firms surveyed expect an improved economy, between last quarter 53% and last year's 62% as per Mr. Anderson.



- A breakdown of the business confidence index components is as follows, reported as the first quarter of 2017 relative to the fourth quarter 2016:
 1. Current Returns on Investments improved to a reading of 103 from 101.
 2. Investment/Expansion Climate decreased to a reading of 129 from 141.
 3. Expected change in the Economy increased to a reading of 141 from 130.
 4. Expected Change in Firm's Finances declined to a reading of 157 from 166.
 5. Expected Change in Profitability fell to a reading of 160 from 165.





Business Confidence													
Indexes (2001: 2= 100)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Index of Business Confidence	117.8	112.8	112.1	122.9	131.9	128.2	110.6	123	144.6	141.6	139.2	142	139.3
Current Business Conditions	132.8	138.5	130.6	139.2	157.6	152.5	115.9	156.2	169.6	160	161.3	173	165.4
Index of Business Expectations	111.9	102.6	104.8	116.4	121.8	118.6	108.5	109.9	134.7	134.4	130.5	129.8	129
Index Components (%Better - %Worse +100)													
Current Return on Investments	79	79	73	62	90	85	65	94	101	85	87	101	103
Investment/ Expansion Climate	107	121	110	133	131	129	97	125	137	140	139	141	129
Expected Change in Economy	105	88	100	119	107	113	104	94	147	151	133	130	141
Expected Change Firm's Finances	149	142	145	152	168	155	135	150	165	160	169	166	157
Expected Change in Profitability	143	134	127	142	158	153	147	147	166	166	161	165	160

Consumer Confidence weakens in the March Quarter 2017

- For the March quarter of 2017, the Conference Board's index of Consumer Confidence fell to a reading of 138.7 relative to 151.6 in the December quarter. Additionally, the indices of Current Economic Conditions decreased while the Consumer Expectations index also showed a decline in the first quarter of 2011. The index of Current Economic Conditions fell to 146.6 in March quarter from 1148.9 in the fourth quarter while the index of Consumer Expectations dropped to 136.1 from 152.5 in the December quarter.
- According to the survey, the decline in consumer confidence concentrated around how Jamaicans viewed future economic prospects as little change was documented in the assessment of economic conditions. Mr. Anderson stated, "credit is given to the Government for stabilizing the economy and the dollar, encouraging new business formation and job growth, but critics have maintained that the economic gains have so far been minimal, and job growth and income gains are expected to be smaller than consumers had originally anticipated. Importantly the recent survey recorded a modest pullback in most buying intentions, which is consistent with the decline in favorable economic prospects."
- The survey highlighted slow but positive growth as consumers voiced view on recent economic progress with each reading over the past four quarter being more favorable than in any prior survey since 2001. Mr. Anderson pointed out, "the outlook



for the economy for the year ahead weakened. An improved economy was expected by 30%, down from 38% in the previous quarter. Even so, the outlook remains favorable in all but three surveys during the prior decade.”

- Job gains in the first quarter improved from a reading of 20 to 23 as consumers judged the current job availability slightly more positive despite a vast majority viewing good jobs as scarce (81%). The survey highlighted, “the future job outlook is less promising. In the first quarter survey, 26% expect an increased availability of jobs, down from 42% reported for the survey in the corresponding period of last year.
- The index for expected change in income declined from 141.0 to 130.0. Income expectations softened as income gains were anticipated by 44% for the quarter ended March 2017 relative to 49% from the last quarter. “the receipt of remittances has remained unchanged at 38%, the percent that received them on a monthly basis rose to 35% from 28% in 2016, and were slightly less common among the youngest and slightly more common among the oldest Jamaicans.
- Purchase plans faded as home buying plans remained constant in the first quarter, while vacation and intended vehicle purchases declined. According to the survey, home buying plans remained at 12%, below the peak of 15% in the third quarter of 2016. Vehicle buying intentions fell to 15%, down from last quarter’s 20% and 22% in the prior year’s quarter. On the vacation front, intentions slipped to 31% from 43% in the prior two quarters. Mr. Anderson noted, “the overall weakness in consumer purchase plans, while modest, reinforces the more cautious view on economic prospects.
- A breakdown of the consumer confidence index components is as follows, reported as the first quarter of 2015 relative to the first quarter:
 1. Current Business Conditions decreased to a reading of 92 from 97.
 2. Current Job Prospects rose to a reading of 23 from 20.
 3. Expected Business Conditions declined marginally to a reading of 101 from 115.
 4. Expected Job Prospects declined to a reading of 90 from 104.
 5. Expected Change in Income fell to a reading of 130 from 141.



Consumer Confidence



Consumer Confidence													
Indexes (2001: 2= 100)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q1 2016	Q1 2017
Index of Consumer Confidence	104.7	100.8	98.8	110	114.3	114	103.9	124.4	147.9	155.6	151.6	151.6	138.7
Current Economic Condition	98.1	91.7	95.1	103.9	111.8	111.1	102.9	120	129.7	153	147.9	148.9	146.6
Index of Consumer Expectation	107	103.8	98.7	112.1	115.1	115	104.3	125.8	154	156.5	152.8	152.5	136.1
Index Components (%Better - Worse +100)													
Current Business Conditions	62	62	65	72	74	71	67	78	83	97	90	97	92
Current Job Prospects	15	10	10	9	13	16	14	16	18	23	26	20	23
Expected Business Conditions	76	70	69	82	81	85	74	89	114	118	112	115	101
Expected Job Prospects	62	64	58	68	73	70	64	83	111	113	108	104	90
Expected Change in Income	114	110	106	114	118	116	109	124	138	138	140	141	130



Disclaimer:

Analyst Certification -The views expressed in this research report accurately reflect the personal views of Mayberry Investments Limited Research Department about those issuer (s) or securities as at the date of this report. Each research analyst (s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation (s) or view (s) expressed by that research analyst in this research report.

Company Disclosure -The information contained herein has been obtained from sources believed to be reliable, however its accuracy and completeness cannot be guaranteed. You are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and may be unlawful. Mayberry may effect transactions or have positions in securities mentioned herein. In addition, employees of Mayberry may have positions and effect transactions in the securities mentioned herein.