

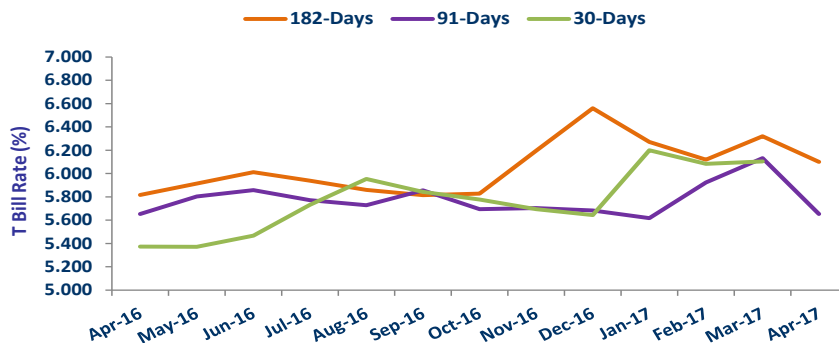


## LOCAL ECONOMY

### TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

#### Treasury Bills:

BOJ's April auction of the 270-day Treasury bill closed with an average yield of 6.72%, while the 91-day Treasury bill auction resulted in an average yield of 5.65%, down 0.41 basis points compared to March's auction. Furthermore, the 182-day Treasury bill auction yielded an average rate of 6.40%, an increase of 8 basis points relative to the March's outturn. Notably, the average yields on the 91-day increased by 6 basis points compared to the auctions in 2016 for the comparable period. The 182-day treasury bills increased by 58 basis points relative to the corresponding auctions in 2016. (Refer to graph on the right).



#### Producer Price Index:

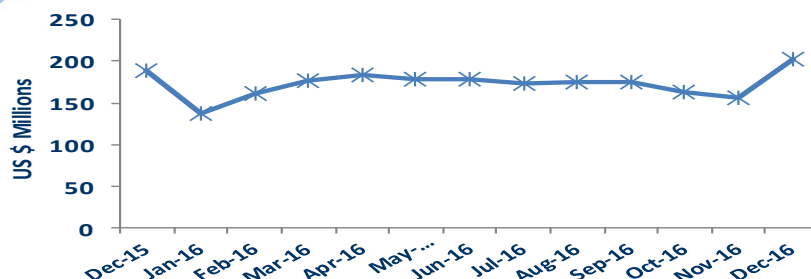
Latest data on the Producer Price Index (PPI) from the Statistical Institute of Jamaica (STATIN) indicated that there was a decrease of 0.4% for the Mining & Quarrying industry in March 2017. This was due to a downward movement of 0.4% for the major group 'Bauxite Mining & Alumina processing.' The index for the Manufacturing industry rose by 1.0%. This was 0.9% higher than the 0.1% increase recorded for the previous month. The major groups that contributed to the movement in the industry's index were: 'Food, Beverages and Tobacco' up by 1.1%, 'Refined Petroleum Products' increasing by 2.1% and 'Chemicals and Chemical Products' rising by 0.2%.

According to STATIN, "the point-to-point period, March 2016 over March 2017, the index for the Mining & Quarrying industry registered an increase of 26.2%. This movement was influenced mainly by the major group 'Bauxite Mining & Alumina Processing' index increasing by 26.7%. For the same period under review, the Manufacturing industry advanced by 8.7%. This was due mainly to the major groups 'Food, Beverages & Tobacco', up by 3.7% and 'Refined Petroleum Products' which increased by 36.8%."

"For the fiscal year 2016/2017 (April 2016 to March 2017), the Mining & Quarrying industry index recorded an upward movement of 22.2%. For the similar period, the Manufacturing industry recorded an increase of 7.9%."

Stopover Arrivals by Market Region					
Country	March 2017	Share %	February 2016	Share %	Change %
U.S.A.	131,844	62.0%	140,183	63.7%	-5.9%
Canada	44,256	20.8%	40,239	18.3%	10.0%
Europe	28,451	13.4%	29,236	13.3%	-2.7%
Latin America	2,319	1.1%	3,016	1.4%	-23.1%
Caribbean	4,338	2.0%	5,645	2.6%	-23.2%
Asia	935	0.4%	920	0.4%	1.6%
Others	597	0.3%	701	0.3%	-14.8%
Total	212,740	100.0%	219,940	100.0%	-3.3%

#### Net Remittance



## TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in March 2017 amounted to 131,844, a decrease of 3.2% when compared to 140,183 recorded in March 2016.

Stopover arrivals from the U.S. market decreased by 5.9% in March 2017 with a total of 131,844 arrivals compared to 140,183 arrivals in March 2016.

The Canadian market recorded an increase in arrivals of 10% with arrivals amounting to 44,256 relative to 40,239 in March of last year.

The European market region recorded a decline in arrivals by 2.7% to 28,451 stopover arrivals in March 2017, relative to 29,236 recorded for March 2016.

Arrivals from Latin America recorded a decrease of 23.1% with a total of 2,319 stopovers relative to 3,016 in March 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.

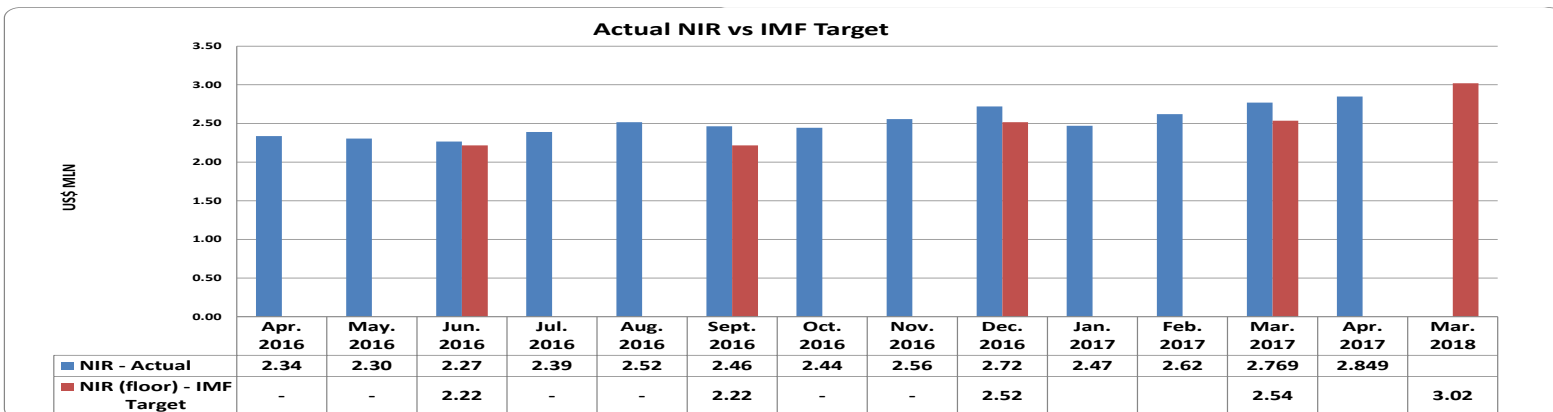
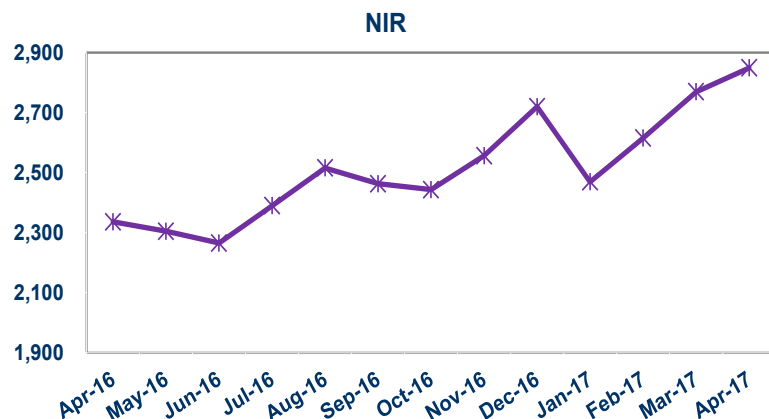
The growth in remittances was driven by a 2.2% increase in 'remittance companies' which closed the period at US\$1978.3 million compared to the US\$1935.0 million recorded in 2015. 'Other remittances' closed the period at US\$313.2, a 7.6% increase over the US\$291.0 million booked in 2015.



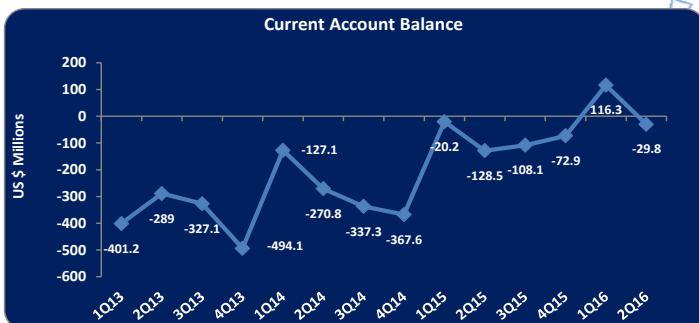
## NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves totaled US\$2,848.87 million as at April 2017, reflecting an increase of US\$79.7 million relative to the US\$2,769.17 million reported as at the end of March 2017.

Changes in the NIR resulted from an increase in Foreign Assets of US\$85.49 million to total US\$3,409.38 million. Currency and Deposits contributed the most to the growth in Foreign Assets. This as Currency and Deposits as at April 2017 totaled US\$3,106.0 million reflecting a growth of US\$82.62 million compared to US\$3,023.39 million booked as at March 2017. Foreign Liabilities for April 2017 reflected an increase of US\$5.79 million to total US\$560.51 million. The increase stemmed from a growth in liabilities to the 'IMF' of US\$5.79 million. Liabilities to the IMF which accounted for 100% of total foreign liabilities, it increased to a total of US\$560.51 million as at the end of April 2017 relative to US\$554.72 million recorded in March 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.

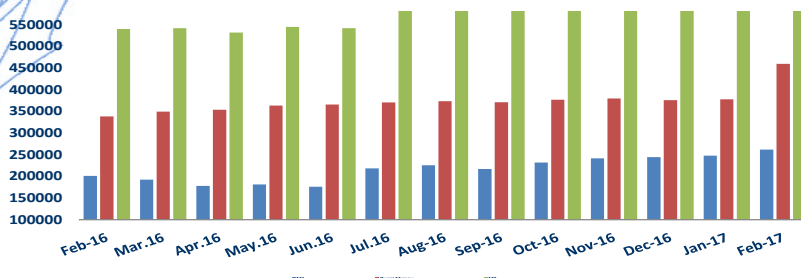
## CONSUMER PRICE INDEX

According to the Statistical Institute of Jamaica, The Consumer Price Index for the month of April was 239.3 and represented an inflation rate of 0.3%. This upward movement was mainly due to the divisions, 'Transport' recording an increase of 1.7% and the highest weighted division 'Food and Non-Alcoholic Beverages' moving up by 0.1%. The upward movement in the 'Transport' division's index was due mainly to the increase in the Special Consumption Tax (SCT) levied on fuel and a 20.0% increase on motor vehicle license fees. The SCT on cigarettes and pure alcohol was reflected in an increase of 0.9% in the division 'Alcoholic Beverages and Tobacco'. However, the overall inflation rate was tempered by the decline of 0.2% in the index for the division 'Housing, Water, Electricity, Gas and Other Fuels'. This was due to lower rates for electricity.

STATIN reported that "the other divisions that recorded increases in the All Jamaica 'All Divisions' index were: 'Clothing and Footwear' 0.1%, 'Furnishings, Household Equipment and Routine Maintenance' 0.1%, 'Health' 0.1%, 'Recreation and Culture' 0.1%, 'Restaurants & Accommodation Services' 0.4% and 'Miscellaneous Goods and Services' 0.1%."

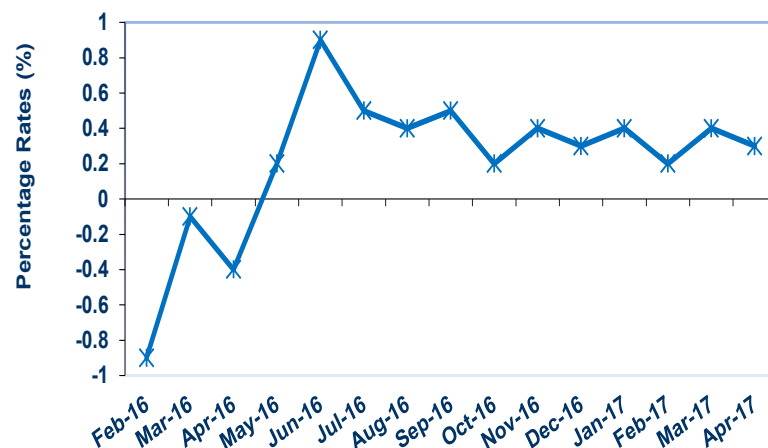
The regional index showed upward movements for all three regions: Greater Kingston Metropolitan Area up by 0.3%, Other Urban Areas up by 0.3% and Rural Areas up by 0.3%.

## MONEY SUPPLY



Total Money Supply (M2) as at February 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



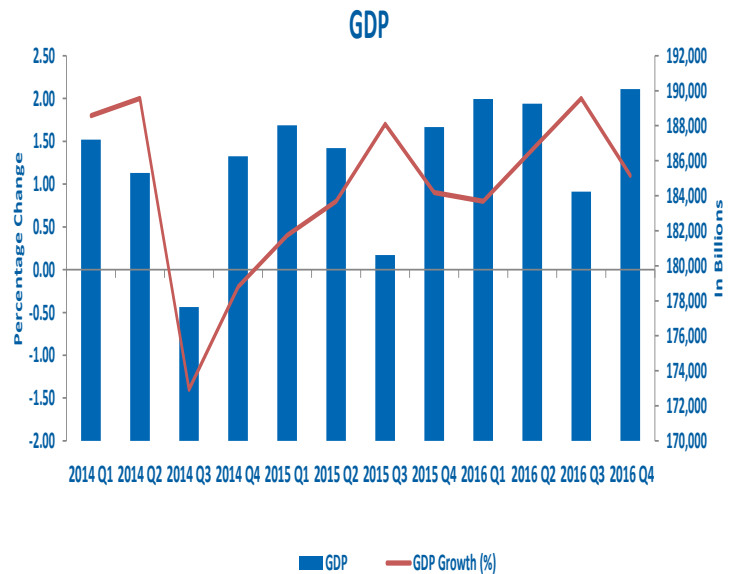


## GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica, "The Jamaican economy grew by 1.1 per cent 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 per cent in the Services Industries and 3.1 per cent in the Goods Producing Industries contributed to the overall growth. Preliminary estimates for the calendar year 2016 indicated a growth of 1.4 per cent."

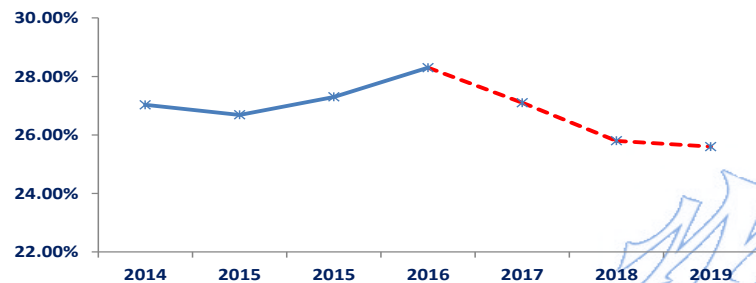
STATIN reports "positive performance of the Goods Producing Industries was due to increased output in Agriculture, Forestry & Fishing (17.1 per cent) and Construction (0.6 per cent). The Agriculture, Forestry & Fishing industry was positively impacted by favourable weather conditions which resulted in 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 per cent and Mining & Quarrying industry of 11.9 per cent. The decline in the Manufacturing industry was influenced by a 5.3 per cent 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 per cent rise in Food, Beverages & Tobacco sub - industry. Mining & Quarrying industry continued to be negatively affected by reduced demand for bauxite from the overseas refiners."

"Preliminary estimates for the calendar year 2016 showed a 1.4 per cent growth in the Jamaican economy. This against the background of falling international oil prices which impacted production costs, favourable weather conditions throughout the year, and improvement in business and consumer confidence."



## CAPITAL EXPENDITURE TO GDP

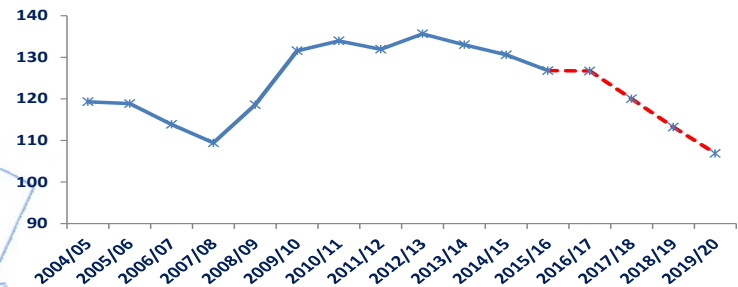
### Capital Expenditure to GDP (%)



Total Expenditure for April to March 2017 amounted to \$503.36 billion, \$4.97 billion or 1% less than the budgeted \$508.33 billion. Recurrent expenditure which totaled \$461.4 billion, accounted for 91.6% of overall expenditures. Relative to projections, recurrent expenditure was \$2.13 billion (0.5%) less than budgeted and \$33.43 billion more than that recorded in 2016. Of the recurrent expenditure categories over the review period, 'Compensation of Employees' was 0.5% lower than budgeted due to 'Wages & Salaries' being \$166.48 billion, 1.3% lower than the budgeted figure of \$168.69 billion. 'Interest' also closed the period under budget by 0.5%, while 'Programmes' came in under budget by 0.3%. Capital expenditure for the period was 6.4% lower when compared to the budgeted total of \$44.8 billion. As a result of the decrease in expenditures for April 2016 to March 2017, the 'Fiscal Deficit' was \$3.48 billion, 79.6% below the budgeted figure of \$17.06 billion. Additionally, the primary balance for the period exceeded the budgeted amount by \$12.82 billion (10.4%) to total of \$135.88 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 September 2016 amounted to \$2.150 trillion, a marginal increase of 0.10% compared to the \$2.148 trillion recorded for October 2016.

A review of the Government Operation Results for the period April to January 2017, indicates GOJ estimated that the primary balance, as a performance criterion, should amount to \$54.00 billion by the end of the 2016/2017 fiscal year. As at January 2017, the actual figure was ahead of projection at \$86.76 billion. Estimated revenue for the financial year is \$458.1 billion, results for January 2017 showed revenue of \$391.84.

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

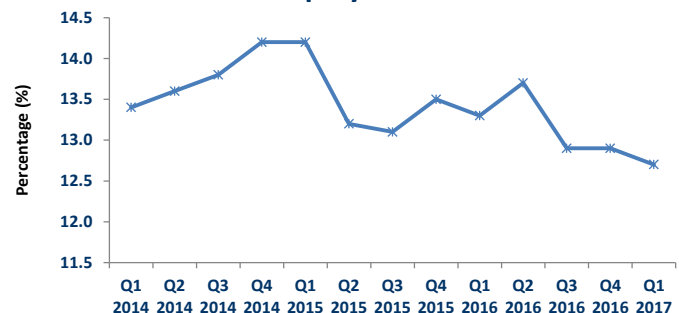
Unemployment Rate (%)	January Q1	April Q2	July Q3	October Q4
2014	13.4	13.6	13.8	14.2
2015	14.2	13.2	13.1	13.5
2016	13.3	13.7	12.9	12.9
2017	12.7			

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	1,342,000	1,353,500	1,363,300	1,355,500
2017	1,358,300			

The first quarter 2017 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 2016. In the first quarter of 2017, the total number of persons in the Labour Force amounted to 1,358,300 persons, 1.2% higher than the 1,342,000 reported for the first quarter of 2016. The male labour force increased by 1,800 (0.2%) to 728,600 for the quarter (2016: 723,200) and the female labour force increased by 14,500 (2.4%) to 629,700. The unemployment rate in first quarter was 12.7%, decreasing by 0.6% compared to the corresponding quarter of 2016 rate of 13.3%. The unemployment rate for men decreased from 10.4% to 9.0% while the rate for women the rate declined from 16.7% to 17.0%.

### Unemployment Rate





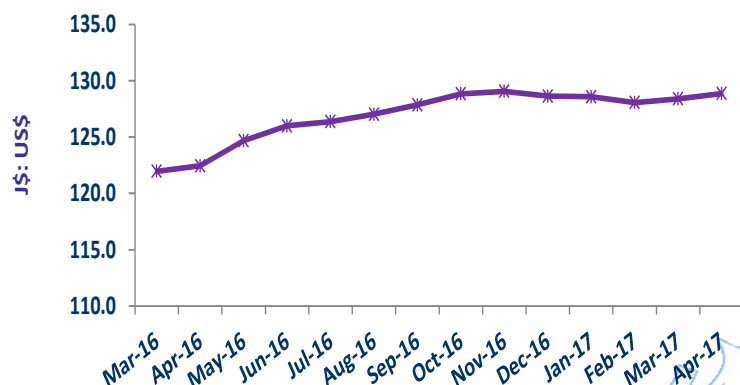


# FOREIGN EXCHANGE MARKET

## LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of April. The JMD declined \$0.47 in April, to close the month at an average of \$128.87 relative to the \$128.40 recorded in March 2017. Year over year, the JMD has depreciated by approximately \$6.42 or 5.24% relative to the \$122.45 of April 2016.

Exchange Rate Movements



## INTERNATIONAL FOREX

**GBP/USD:** The pair closed the month at \$1.2951. According to *FX Empire*, "Technically, it is pretty much clear off any strong resistances and the path to 1.30 looks very free and clear. Having broken the topside of the range since the beginning of the year, technically, the GBPUSD pair is looking at 1.34 in the coming month of May. The only thing that could stop this move are indications from the US about a rate hike in June, which is a possibility. For this, the FOMC and NFP data and the speeches from Yellen would be viewed closely by the markets for any sign of the same. We expect 1.2650 to hold the bottom of the range on any move down while the target would be 1.34 in the medium term."

**EURO/USD:** The dollar continued to strengthen across the board as the pair closed the month of April at \$1.0895. According to *FX Empire*, "The EURUSD pair had a great month in April as the bulls took control of the pair during the later half of the month and pushed it higher and higher on a general risk on mode that was seen across the markets in the second half of the month. We also expect the dollar to hold steady in the coming month as the markets begin to get used to the way of Trump and his team and the traders wait to see how much he can follow through on his promises of tax cut and healthcare reforms which we had announced in March/April. With this in mind, we do not expect the dollar to gain or lose much in the month of May."

Int'l Currency Prices: April 1-30				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2486	1.2951	1.2371	1.2951
USD/CAD	1.3381	1.3653	1.3254	1.3653
EUR/USD	1.0670	1.0926	1.0591	1.0895
USD/JPY	110.90	111.4900	108.43	111.49

**USD/CAD:** The CAD depreciated against the USD during the month of April by 2.0% to close at \$1.3653

## OPEN MARKET OPERATIONS

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
24-Apr-17	14 days	5.00%	N/A	Fixed	09-May-17
13-Apr-17	14 days	5.32%	N/A	Fixed	02-May-17
10-Apr-17	14 days	5.29%	N/A	Fixed	25-Apr-18
03-Apr-17	14 days	6.24%	N/A	Fixed	08-Apr-18
11-Apr-17	30 days	5.42%	N/A	Fixed	13-May-18

## MINISTRY OF FINANCE

The Bank of Jamaica issued four repurchase agreement and one occasional term repurchase agreement.

## INTERNATIONAL ECONOMY

**United States:** According to the *U.S. Bureau of Labour Statistics* "The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2% in April on a seasonally adjusted basis, the U.S. Bureau of Labour Statistics reported today. Over the last 12 months, the all items index rose 2.2% before seasonal adjustment. Increases in indexes for shelter, energy, tobacco, and food all contributed to the monthly increase in the all items index. The energy index rose 1.1%, with all 3 of its major component indexes rising. The food index rose 0.2%, mostly due to a sharp increase in the index for fresh vegetables. The index for all items less food and energy rose 0.1% in April after declining in March. The shelter index increased 0.3%, and the tobacco index increased sharply over the month. However, many indexes declined in April, including those for wireless phone services, medical care, motor vehicle insurance, apparel, used cars and trucks, recreation, and new vehicles."

**EURO Zone:** According to the European Union's statistics office, "Euro area annual inflation was 1.9% in April 2017, up from 1.5% in March. In April 2016 the rate was -0.2%. European Union annual inflation was 2.0% in April 2017, up from 1.6% in March. A year earlier the rate was -0.2%. These figures come from Eurostat, the statistical office of the European Union. The lowest annual rates were registered in Romania (0.6%), Ireland (0.7%) and Slovakia (0.8%). The highest annual rates were recorded in Estonia (3.6%), Lithuania (3.5%) and Latvia (3.3%). Compared with March 2017, annual inflation fell in six Member States, remained stable in three and rose in nineteen. The largest upward impacts to euro area annual inflation came from fuels for transport (+0.39%), package holidays (+0.12%) and heating oil (+0.11%), while telecommunication (-0.11%), garments (-0.08%) and bread & cereals (-0.05%) had the biggest downward impacts."

**Commodity:** According to the *International Monetary Fund* "Overall, commodity prices were unchanged in April, falling less than 0.1%. (Figure 1.) The 6.4% fall in the metal price index was offset by 2.7% rise in the energy price index. The Food Index fell more modestly, by 1.6%."

## CARICOM:

**Bahamas -** According to the *Central Bank of the Bahamas*, "Domestic economic activity was mildly improved during the review period, as work on foreign investment projects and to a lesser extent post-hurricane rebuilding activity, supported more construction sector output than in 2016; however, indications are that tourism performance was soft. Domestic energy costs fell marginally during March, but firmed significantly when compared to the same month last year, reflecting the gradual uptrend in global oil prices. With the cumulative setback from Hurricane Matthew still dominating, the fiscal deficit widened over the seven months of FY2016/2017, reflecting increased expenditure, combined with marginally lower revenue receipts. Monetary developments featured a modest decline in liquidity during the month, as the deposit base drawdown exceeded the falloff in Bahamian dollar credit; however, external reserves firmed marginally."

**Barbados -** According to the *Central Bank in Barbados*, "The Barbados economy registered moderate growth during the first three months of 2017. The expansion was primarily driven by activity in the tourism sector, but a more robust recovery was hampered by ongoing delays to the start of anticipated investment projects. The delays also impacted the growth of international reserves during the quarter but higher tourism earnings contributed to a modest increase in reserves and a slight improvement in the import reserve cover at the end of the review period. The Government maintained its focus on its programme of fiscal consolidation, resulting in a further narrowing of the deficit for FY2016/17. Improved tax collections, resulting from the suite of measures introduced in recent years together with the containment of non-interest expenditure enabled the deficit-to-GDP ratio to fall to its lowest level since FY2011/12. Despite these gains, the deficit was estimated to be marginally short of the target of 5.8%."