



## LOCAL ECONOMY

### TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

#### Treasury Bills:

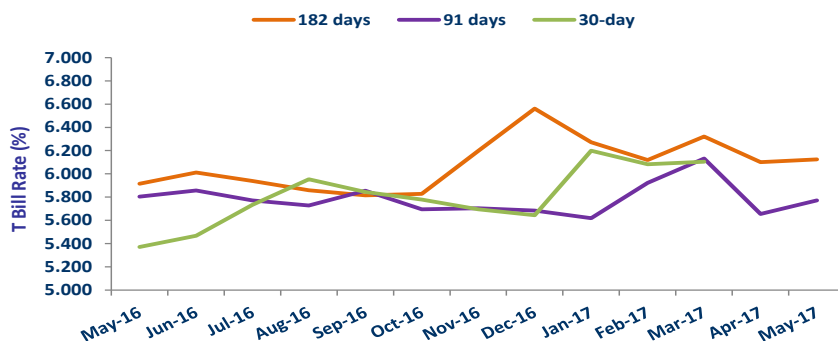
BOJ's May auction of the 270-day Treasury bill closed with an average yield of 6.50%, while the 91-day Treasury bill auction resulted in an average yield of 5.65%, down 6 basis points compared to April's auction. Furthermore, the 182-day Treasury bill auction yielded an average rate of 6.10%, down 30 basis points relative to the April's outturn. Notably, the average yields on the 91-day decreased by 15 basis points compared to the auctions in 2016 for the comparable period. The 182-day treasury bills increased by 19 basis points relative to the corresponding auctions in 2016. (Refer to graph on the right).

#### Producer Price Index:

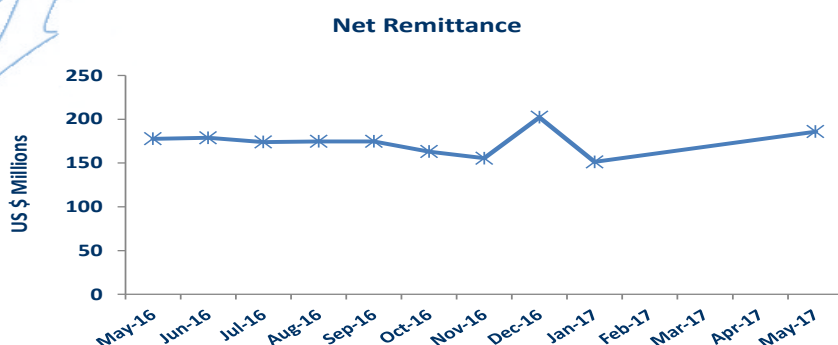
Latest data on the Producer Price Index (PPI) from the Statistical Institute of Jamaica (STATIN) indicated that the Producer Price Index (PPI) for the Mining and Quarrying industry increased by 3.1% for the period under review. The major group 'Bauxite Mining & Alumina Processing', which has significant impact on the industry's index, increased by 3.1%. The index for the Manufacturing industry recorded an upward movement of 1.2% for April 2017 compared to March. The increase in the index for the Manufacturing industry was mainly impacted by the movement in the index for the major groups 'Food, Beverages and Tobacco' which moved up by 0.4% and 'Refined Petroleum Products' going up by 5.7%.

According to STATIN, "the point-to-point period, (April 2016 to April 2017), the output price index for the Mining & Quarrying industry registered an increase of 26.1%. The index for the major group 'Bauxite Mining & Alumina Processing' moved up by 26.4%. The index for the Manufacturing industry advance by 9.2%. upward movements in the major groups 'Food, Beverages & Tobacco', up by 4.1%, 'Refined Petroleum Products' 38.5% and 'Chemical & Chemical Products', up by 4.5%, contributed to the industries movement."

"For the fiscal year-to-date April 2016 to March 2017 the Mining & Quarrying industry index recorded an upward movement of 22.3%. While that for the Manufacturing industry showed an upward movement in its index of 7.9%."



Stopover Arrivals by Market Region					
	April	Share	March	Share	Change
Country	2017	%	2016	%	%
U.S.A.	132,638	64.4%	131,844	62.2%	0.6%
Canada	38,469	18.7%	44,256	20.9%	-13.1%
Europe	17,239	8.4%	28,451	13.4%	-39.4%
Latin America	7,502	3.6%	2,319	1.1%	223.5%
Caribbean	6,013	2.9%	4,338	2.0%	38.6%
Others	3,961	1.9%	597	0.3%	563.5%
Total	205,822	100.0%	211,805	100.0%	-2.8%



## TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in April 2017 amounted to 205,822, an increase of 9.1% when compared to 188,604 recorded in April 2016.

Stopover arrivals from the U.S. market increased by 8.9% in April 2017 with a total of 132,638 arrivals compared to 121,816 arrivals in April 2016.

The Canadian market recorded an increase in arrivals of 3.8% with arrivals amounting to 38,469 relative to 37,075 in April of last year.

The European market region recorded a increase in arrivals by 16.2% to 24,741 stopover arrivals in April 2017, relative to 21,290 recorded for April 2016.

Arrivals from Latin America recorded an increase of 28.0% with a total of 2,675 stopovers relative to 2,090 in April 2016. (see Tourist Arrivals table above)

## REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for March 2017, showed, "net remittances were US\$185.9 million, an increase of US\$8.9 million or 5.0% relative to the corresponding month of 2016."

For the period April 2016 to March 2017, "net remittances totalled US\$2,074.2 million, an increase of US\$75.8 million, relative to US\$1,998.4 million recorded for the corresponding period of the last fiscal year, this represented a growth rate of 3.4% year over year.

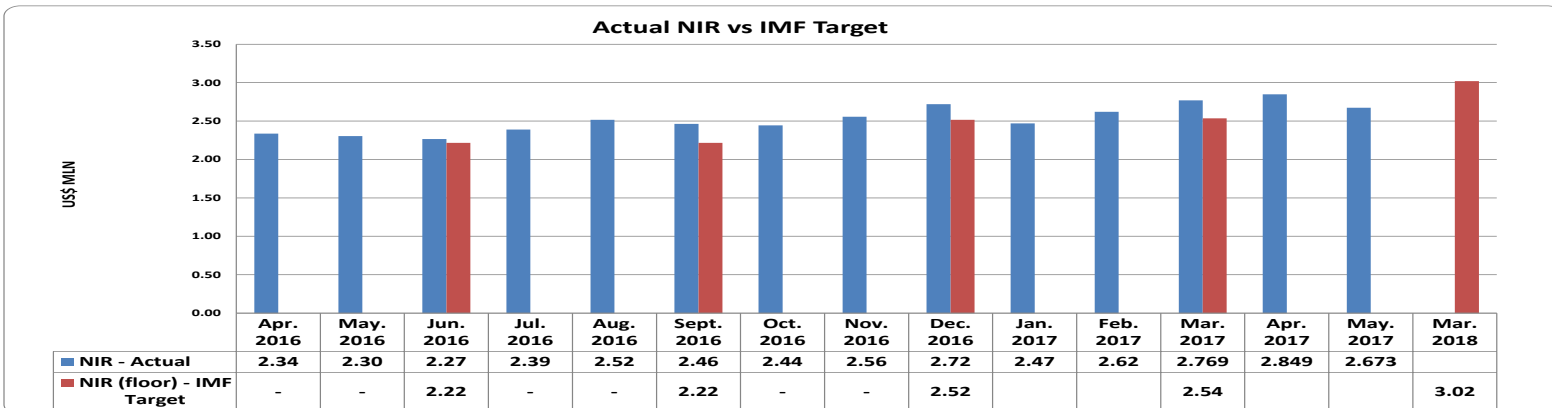
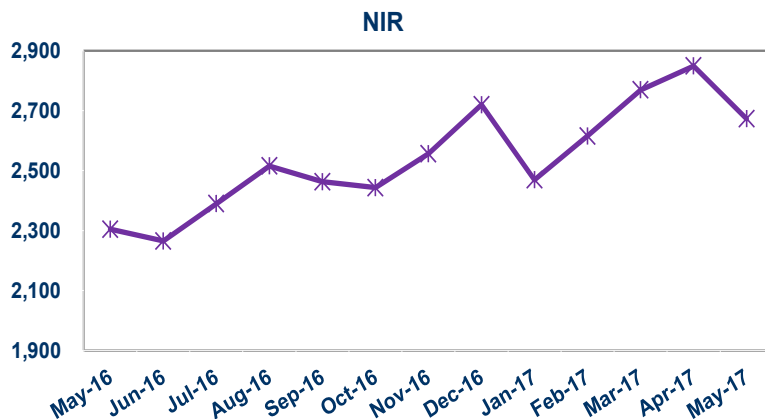
The growth in remittances was driven by a 2.7% increase in 'remittance companies' which closed the period at US\$1,998.5 million compared to the US\$1,945.0 million recorded in 2016. 'Other remittances' closed the period at US\$313.4, a 8.0% increase over the US\$290.1 million booked in 2016.



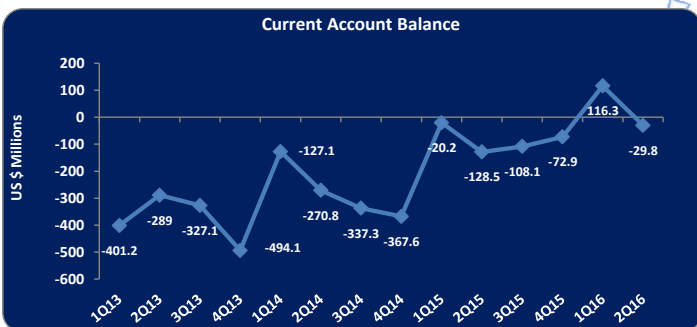
## NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves totaled US\$2,672.77 million as at May 2017, reflecting a decrease of US\$176.10 million relative to the US\$2,848.87 million reported as at the end of April 2017 (see figure 1).

Changes in the NIR resulted from a decline in Foreign Assets of US\$170.66 million to total US\$3,238.72 million. Currency and Deposits contributed the most to the decrease in Foreign Assets. This as Currency and Deposits as at May 2017 totaled US\$2,935.37 million reflecting a decline of US\$170.63 million compared to US\$3,106.00 million booked as at April 2017. Foreign Liabilities for May 2017 reflected an increase of US\$5.44 million to total US\$565.95 million. The increase stemmed from a growth in liabilities to the 'IMF' of US\$5.44 million. Liabilities to the IMF which accounted for 100% of total foreign liabilities, it increased to a total of US\$565.95 million as at the end of May 2017 relative to US\$560.51 million recorded in April 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.

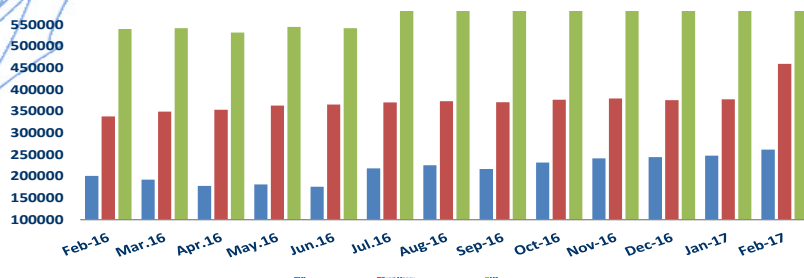
## CONSUMER PRICE INDEX

According to the Statistical Institute of Jamaica, "there was a 0.1% increase in the Consumer Price Index for May 2017. This was due mainly to a 0.1% increase in the index for the heaviest weighted division, 'Food, Non-alcoholic Beverages and Tobacco'. Within this division the group 'Food' rose by 0.1% while 'Non-Alcoholic Beverages went up by 0.2%. Other notable increases were recorded in the following divisions: 'Transport' 0.2%, 'Alcoholic Beverages and Tobacco' 1.6% and 'Restaurants and Accommodation Services' 0.3%. However, the upward movement in the index was tempered by a 0.2% fall in the division 'Housing, Water, Electricity, Gas and Other Fuels' due to lower rates for electricity, water and sewage."

STATIN reported that "the other divisions that recorded increases in the All Jamaica 'All Divisions' index were: 'Clothing and Footwear' 0.1 per cent, 'Furnishings, Household Equipment and Routine Household Maintenance', 0.3%, 'Health 0.1%', 'Recreation and Culture' 0.3%, and 'Miscellaneous Goods and Services' 0.1%. The divisions, 'Education' and 'Communication' recorded negligible movement in their index."

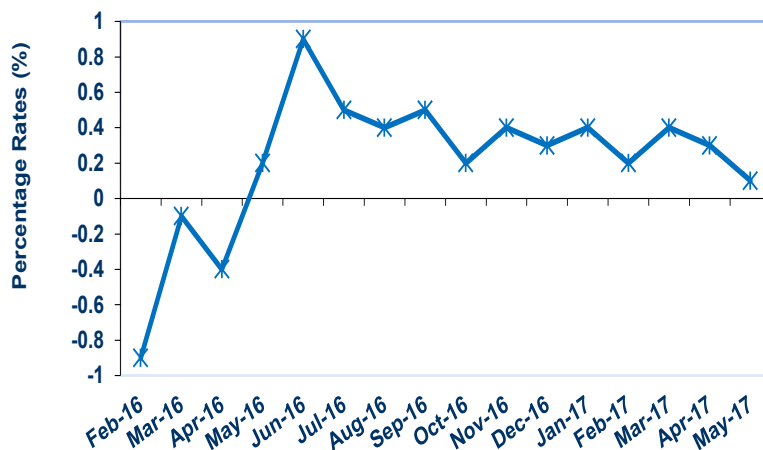
The regional index showed upward movements for all three regions: Greater Kingston Metropolitan Area 0.2%, Other Urban Areas and Rural Areas 0.1%.

## 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 transfers-

## Monthly Inflation Rate from February 2016 to February 2017



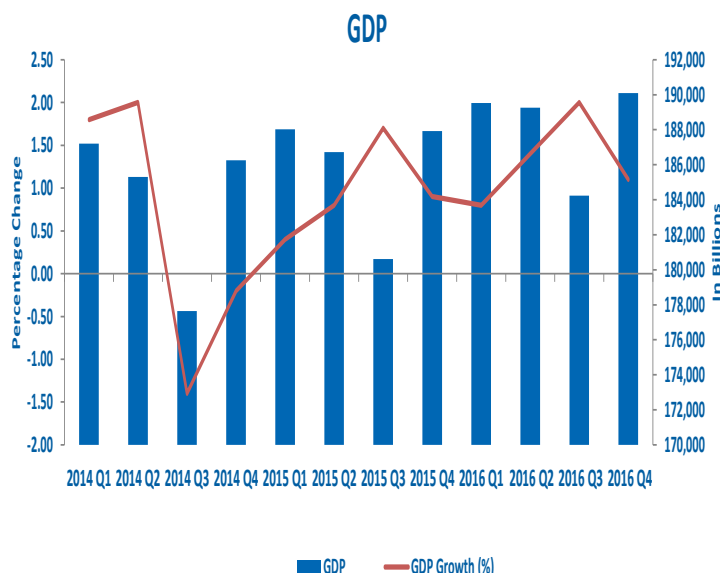


## GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica, "The Jamaican economy grew by 1.1% 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%."

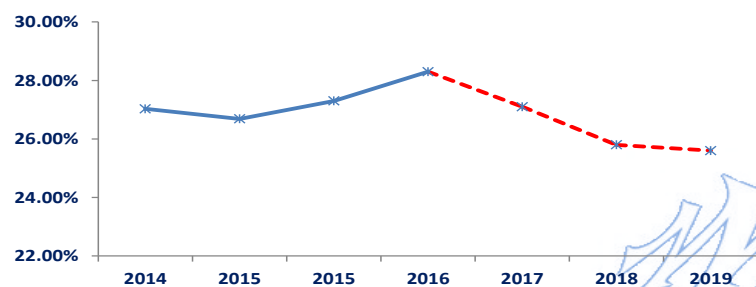
STATIN reports "positive performance of the Goods Producing Industries was due to increased output in Agriculture, Forestry & Fishing (17.1%) and Construction (0.6%). The Agriculture, Forestry & Fishing industry was positively impacted by favourable weather conditions which resulted in higher crop yields, 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."

"Preliminary estimates for the calendar year 2016 showed a 1.4% 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 (%)

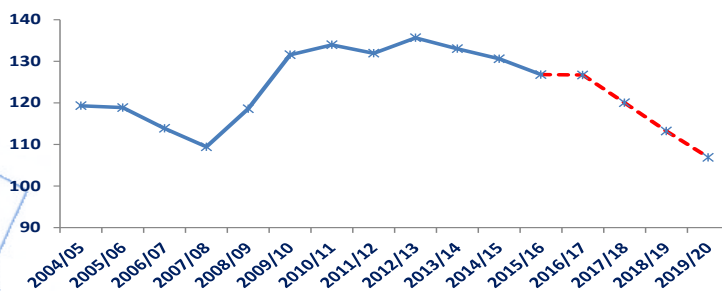


"Total Expenditure for April 2017 amounted to \$40.35 billion, \$980 million or 2.4% less than the budgeted \$41.33 billion. Recurrent expenditure which totaled \$38.98 billion, accounted for 96.6% of overall expenditures. Relative to projections, recurrent expenditure was \$984.4 million (2.5%) less than budgeted. Of the recurrent expenditure categories over the review period, 'Compensation of Employees' was on target as 'Employee Contribution' which amounted to \$1.2 billion, was \$481.2 million less than projected, offset 'Wages and Salaries' which was above projection by \$481.2 million to total \$15.89 billion. 'Interest' also closed the period under budget by 2.9%, while 'Programmes' came in under budget by 6.0%. Capital expenditure for the period was 0.3% higher when compared to the budgeted total of \$1.37 billion.

As a result of the decrease in expenditures for April 2017, the 'Fiscal Deficit' was \$6.01 billion, 16.6% below the budgeted figure of \$7.21 billion. Additionally, the primary balance for the period amounted to \$6.61 billion, 14.1% more than budgeted."

## 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.

As part of the Memorandum of Economic and Financial Policies (MEFP), the GOJ estimates that the primary balance, as a performance criterion, should amount to \$131.9 billion by the end of the 2017/2018 fiscal year. As at April 2017, the actual figure was \$6.61 billion. Estimated tax revenue for the financial year is \$478.9 billion, results for April 2017 showed revenue of \$33.2 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

## LABOUR FORCE

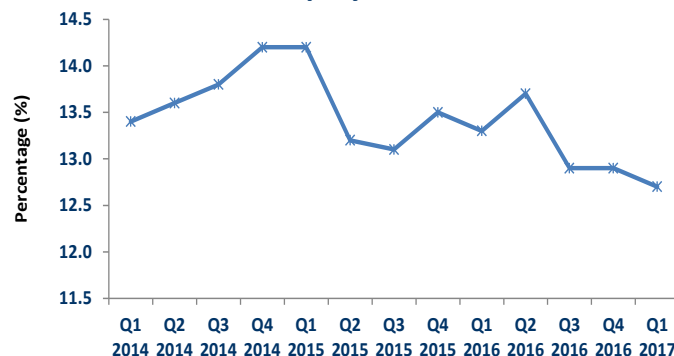
Unemployment Rate (%)	January Q1	April Q2	July Q3	October Q4
2014	13.4	13.6	13.8	14.2
2015	14.2	13.2	13.1	13.5
2016	13.3	13.7	12.9	12.9
2017	12.7			

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



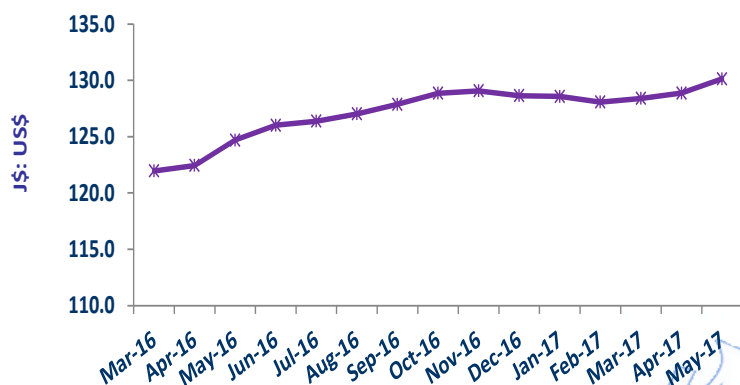


# FOREIGN EXCHANGE MARKET

## LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of May. The JMD declined \$2.24 in May, to close the month at an average of \$130.13 relative to the \$128.87 recorded in April 2017. Year over year, the JMD has depreciated by approximately \$5.44 or 4.36% relative to the \$124.69 of May 2016.

Exchange Rate Movements



## OPEN MARKET OPERATIONS

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
24-May-17	365 days	6.12%	N/A	Fixed	19-May-18
26-May-17	365 days	6.06%	N/A	Fixed	30-May-18
08-May-17	15 days	5.48%	N/A	Fixed	24-May-17

## INTERNATIONAL FOREX

**GBP/USD:** The pair closed the month at \$1.2888. According to FX Empire, "It was a strange month of trading for the GBPUSD pair in May as it struggled to make any headway during the course of the month despite some strong trends which should have normally helped the pair move much higher. Looking ahead to the month of June, the pair has a huge risk event in the form of elections on June 8 and the results from these could affect the pound in a large way in the short term. Then comes the equally important issue of negotiations over the Brexit process and these risk events are likely to keep the GBPUSD pair under pressure and volatile in the coming month and hence, we do not think that the pair would be able to break through the ceiling in the 1.3030 region as long as the dollar remains steady."

**EURO/USD:** The pair closed the month at \$1.1244. According to FX Empire, "The EURUSD pair continued to push on from where it left off in April as the progress continued during the month of May as well and it now finds itself in a very crucial region, a region where it had tended to fall off many times before and it remains to be seen whether the same will happen this time. Looking ahead to the month of June, as mentioned above, the first couple of weeks is going to be crucial as the data will determine whether the Fed will hike rates or not. If the data is not good and the Fed fails to hike the rates, then we could see the EURUSD pair push through 1.13 and then 1.14 and probably challenge 1.15 during the

Int'l Currency Prices: May 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2886	1.3036	1.2804	1.2888
USD/CAD	1.3681	1.3749	1.3407	1.3500
EUR/USD	1.0899	1.1244	1.0861	1.1244
USD/JPY	111.84	114.28	110.78	110.78

## MINISTRY OF FINANCE

The Bank of Jamaica issued one Repurchase Agreement and two Certificates 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 0.1% in May on a seasonally adjusted basis, the U.S. Bureau of Labour Statistics reported today. Over the last 12 months, the all items index rose 1.9%. A decrease in the energy index was the main contributor to the monthly decrease in the all items index. The energy index fell 2.7%, led by a decline of 6.4% in the gasoline index. The food index rose 0.2%, due to increases in four of the six major grocery store food group indexes. The index for all items less food and energy rose 0.1% in May, as it did in April. The shelter index increased 0.2% over the month. However, many indexes declined in May, including those for apparel, airline fares, communication, and medical care services."

**EURO Zone:** According to the European Union's statistics office, "Euro area annual inflation was 1.4% in May 2017, down from 1.9% in April. In May 2016 the rate was -0.1%. European Union annual inflation was 1.6% in May 2017, down from 2.0% in April. A year earlier the rate was -0.1%. These figures come from Eurostat, the statistical office of the European Union. In May 2017, the lowest annual rates were registered in Ireland (0.0%), Romania (0.5%), Denmark and the Netherlands (both 0.7%). The highest annual rates were recorded in Estonia (3.5%), Lithuania (3.2%) and the United Kingdom (2.9%). Compared with April 2017, annual inflation fell in twenty-four Member States, remained stable in one and rose in three."

**Commodity:** According to the International Monetary Fund "Commodity prices fell 2.3 percent in May 2017. This decrease was largely driven by the decline in the energy and metal price indices, which fell 4.5 percent and 3.9 percent respectively. This offset the 3.5 percent increase in the food and beverage index."

## CARICOM:

**Bahamas -** According to the Central Bank of the Bahamas, "Indications are that the domestic economy expanded mildly during April, supported by modest gains in the tourism sector, which benefitted from the hosting of a number of sporting and cultural events. Moreover, continued work on a number of varied-scale foreign investment projects, underpinned activity in the construction sector. Signs of increased domestic consumer demand, meanwhile, were evident from higher private sector spending on travel and imports, both for the month and on a year to date basis. This stronger internal demand paced moderately ahead of the improvement in the foreign exchange earnings sectors, influencing a more subdued seasonal accumulation in external reserves. Inflationary pressures remained well contained over the 12-month period ending March 2017, although short-term firming in international oil prices resulted in higher domestic fuel costs."

**Barbados -** According to the Central Bank in Barbados, "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%, largely due to the delayed execution of planned divestment of state assets. The financial system remained well capitalised and stable during the first quarter. Weak private sector credit demand continued to contribute to a banking system marked by high levels of excess liquidity and historically low interest rates as both deposit and lending rates declined below those of a year ago."