

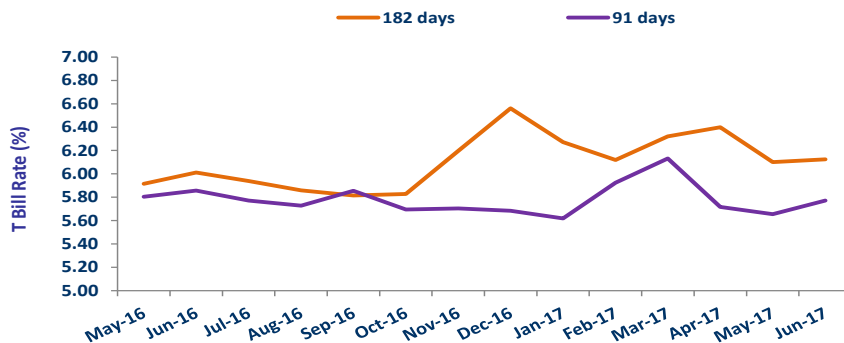


LOCAL ECONOMY

TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

Treasury Bills:

The 91-day Treasury bill auction resulted in an average yield of 5.77% for June, up 12 basis points compared to May's auction. Furthermore, the 182-day Treasury bill auction for June yielded an average rate of 6.13%, up 24 basis points relative to the May's outturn. Notably, the average yields on the 91-day decreased by 9 basis points compared to the auctions in 2016 for the comparable period. The 182-day treasury bills increased by 11 basis points relative to the corresponding auctions in 2016. (Refer to graph on the right).



Producer Price Index:

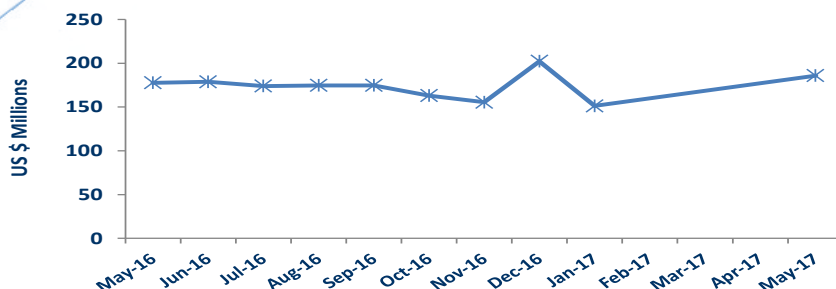
Latest data on the Producer Price Index (PPI) from the Statistical Institute of Jamaica (STATIN) indicated that "the Producer Price Index for the month of May, the Mining & Quarrying industry recorded an increase of 0.3%. The major group 'Bauxite Mining & Alumina Processing' was the main contributor to the movement going up by a similar 0.3%. The Manufacturing industry increased by 0.2% for the period under review. Movements in the following major groups mainly impacted the index for the Manufacturing industry: 'Food, Beverages & Tobacco' up by 0.1% and 'Refined Petroleum'."

According to STATIN, "the point to point period, (May 2016 - May 2017), the index for the Mining & Quarrying industry registered an increase of 26.1%. For the same period under review, the Manufacturing industry advanced by 6.8%. This movement was due mainly to increases in the index for the major groups; 'Food, Beverages & Tobacco' up by 3.9%, 'Refined Petroleum Products' by 22.1% and 'Chemical & Chemical Products' by 4.3%."

"For the fiscal year to date April 2017 - May 2017, the index for the Mining & Quarrying industry recorded an increase of 0.3%. The Manufacturing industry showed an increase of 0.2% in the index for the same period."

Stopover Arrivals by Market Region					
Country	May 2017	Share %	April 2016	Share %	Change %
U.S.A.	122,446	67.4%	132,638	64.4%	-7.7%
Canada	27,394	15.1%	38,469	18.7%	-28.8%
Europe	22,481	12.4%	24,741	12.0%	-9.1%
Latin America	2,885	1.6%	2,675	1.3%	7.9%
Caribbean	4,929	2.7%	6,013	2.9%	-18.0%
Asia	871	0.5%	776	0.4%	12.2%
Others	663	0.4%	510	0.2%	30.0%
Total	181,669	100.0%	205,822	100.0%	-11.7%

Net Remittance



TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in May 2017 amounted to 181,669, an increase of 8.2% when compared to 167,884 recorded in May 2016.

Stopover arrivals from the U.S. market increased by 8.0% in May 2017 with a total of 112,446 arrivals compared to 113,359 arrivals in May 2016.

The Canadian market recorded an increase in arrivals of 8.3% with arrivals amounting to 27,394 relative to 25,287 in May of last year.

The European market region recorded a increase in arrivals by 6.5% to 22,481 stopover arrivals in May 2017, relative to 21,104 recorded for May 2016.

Arrivals from Latin America recorded an increase of 40.5% with a total of 2,885 stopovers relative to 2,053 in May 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.

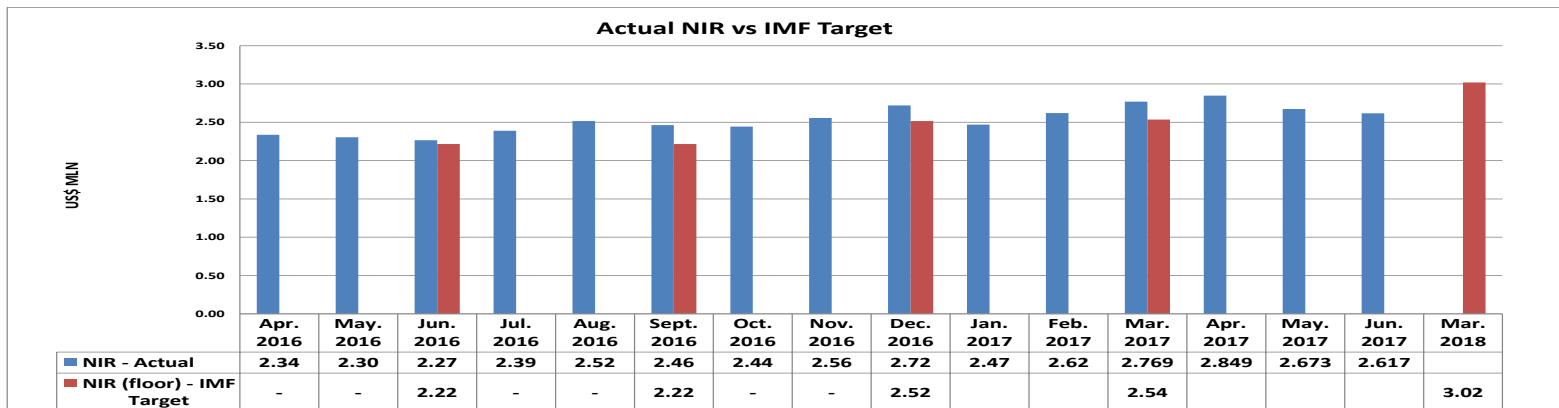
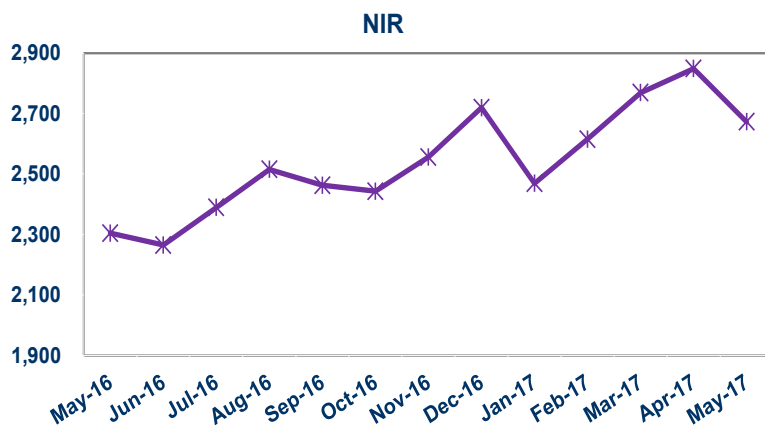
The growth in remittances was driven by a 2.7% increase in 'remittance companies' which closed the period at US\$1,998.5 million compared to the US\$1,945.0 million recorded in 2016. 'Other remittances' closed the period at US\$313.4, a 8.0% increase over the US\$290.1 million booked in 2016.



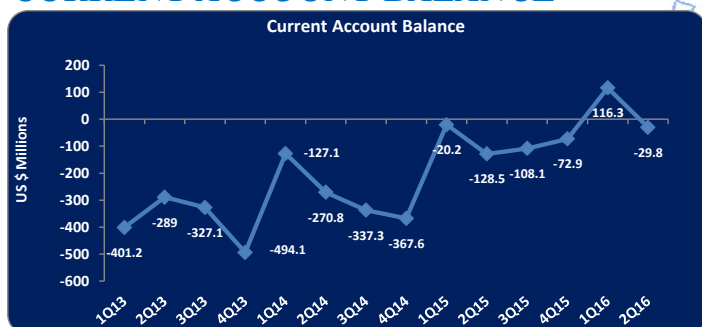
NET INTERNATIONAL RESERVES

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



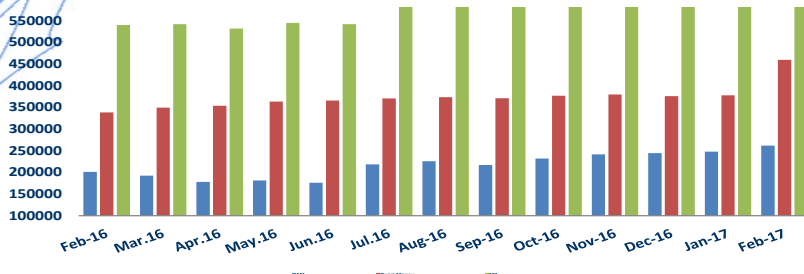
The latest data from the Bank of Jamaica shows the Current Account deficit for the period April 2016 to June 2016 amounted to US\$29.8 million. This however represents an improvement compared to the deficit of US\$128.5 million recorded for the second quarter of 2015.

CONSUMER PRICE INDEX

According to the Statistical Institute of Jamaica, "the Consumer Price Index for June 2017 increased by 0.7% and represented the highest monthly movement for the calendar year to date. This was due mainly to increases in the index for the three heaviest weighted divisions: 'Food and Non-Alcoholic Beverages' up by 1.1 %, 'Transport' 0.4% and 'Housing, Water, Electricity, Gas and Other Fuels' up by 0.4%. The 'Food and Non-Alcoholic Beverages' division was impacted by the flood rains in mid-May, which disrupted the supplies of agricultural products and resulted in a 3.7% rise in 'Vegetables and Starchy Foods'. The increase in the 'Transport' division was influenced by higher prices for petrol. Increased electricity rates was chiefly responsible for the upward movement in the division 'Housing, Water, Electricity Gas and Other Fuels', as the class 'Electricity, Gas and Other Fuels' rose by 1.1%. However, the overall movement of the division was tempered by the 1.3% decline in the class 'Water Supply and Miscellaneous Services Related to the Dwelling'. Other notable increases were recorded in the following divisions: 'Restaurants and Accommodation Services', 0.6 % and 'Recreation and Culture', 0.4%.

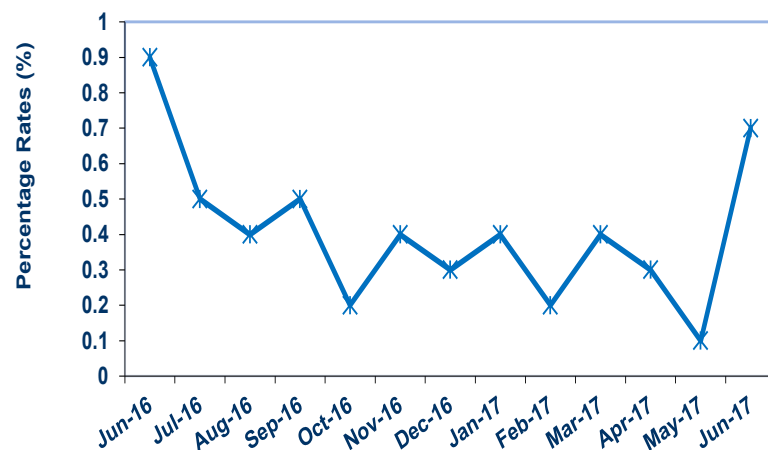
STATIN reported that "the rate of inflation for the calendar year-to-date was 2.1%, the point-to-point rate 4.4% and the fiscal year-to-date was 1.1%.

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 June 2016 to June 2017



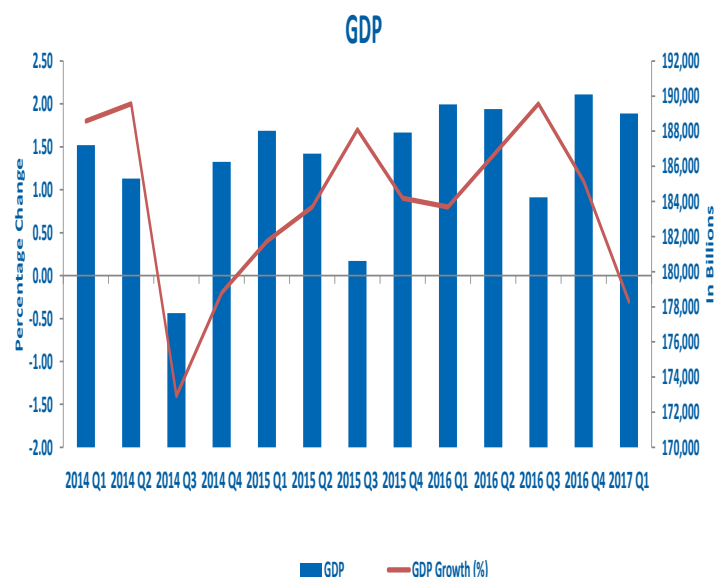


GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica, “The Jamaican economy grew by 0.1% in real terms for the first quarter of 2017 when compared to the similar quarter of 2016. This growth was due mainly to a 0.4% increase in the Services industries. While there were improved performances in both the Manufacturing and Construction industries, the overall Goods Producing industries declined by 0.9%.”

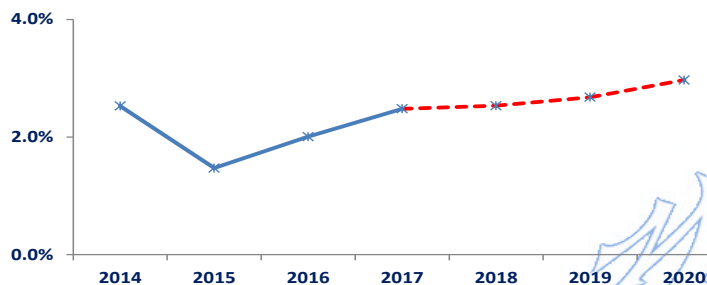
STATIN reports “All industries within the Services industries recorded higher levels of output with the exception of Producers of Government Services which remained relatively unchanged. Increased output was recorded for: Electricity & Water (0.5%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (0.3%), Hotels & Restaurants (1.1%), Transport, Storage & Communication (0.4%), Finance & Insurance Services (1.0%), Real Estate, Renting & Business Activities (0.3%) and Other Services (0.4%). Increase in visitor arrivals and increased activities in the restaurant group positively impacted the Hotels & Restaurants industry. Output of the Goods Producing industries declined by 0.9% due largely to a 3.6% reduction in Agriculture, Forestry & Fishing and a 9.9% decline in Mining & Quarrying. The performance of the Agriculture, Forestry & Fishing industry was negatively affected by drought conditions in the south central parishes and heavy rainfall in the North Eastern parishes. The Manufacturing industry grew by 2.7% and Construction by 0.6%.”

“The economy declined by 1.4 per cent in the first quarter, when compared with the fourth quarter of 2016. This fall was due to lower output levels in both the Goods Producing industries (2.1 per cent) and the Services industries (1.1 per cent). For the fiscal year 2016/2017 the economy grew by 1.3 per cent when compared to the fiscal year 2016/2015.”



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



“Total Expenditure for the period April to May 2017 amounted to \$80.37 billion, \$1.9 billion or 2.3% less than the budgeted \$82.27 billion. Recurrent expenditure which totaled \$78.26 billion, accounted for 97% of overall expenditures. Relative to projections, recurrent expenditure was \$1.08 billion (1.4%) less than budgeted. Of the recurrent expenditure categories over the review period, ‘Compensation of Employees’ was on target as ‘Employee Contribution’ which amounted to \$2.67 billion, was \$74.3 million less than projected and ‘Wages and Salaries’ was above projection by \$74.2 million to total \$29.68 billion. ‘Interest’ also closed the period under budget by 1.6%, while ‘Programmes’ came in under budget by 2.9%. Capital expenditure amounted to \$2.12 billion for the period and was 27.7% lower when compared to the budgeted total of \$2.93 billion.

As a result of the decrease in expenditures for the period April to May 2017, the ‘Fiscal Deficit’ was \$4.19 billion, 64.5% below the budgeted deficit of \$11.82 billion. Additionally, the primary balance for the period amounted to \$15.49 billion, 89.4% more than budgeted.”

LABOUR FORCE

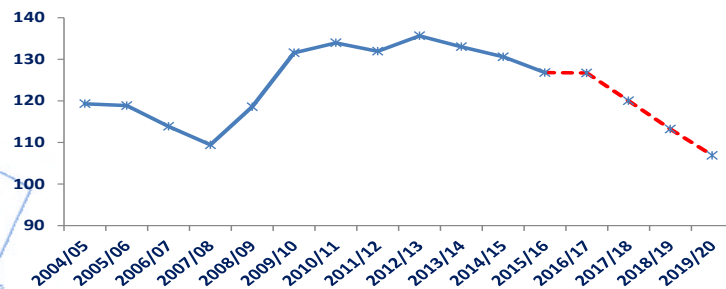
Unemployment Rate (%)	January Q1	April Q2	July Q3	October Q4
2014	13.4	13.6	13.8	14.2
2015	14.2	13.2	13.1	13.5
2016	13.3	13.7	12.9	12.9
2017	12.7			

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%.

DEBT TO GDP

Total Debt to GDP (%)

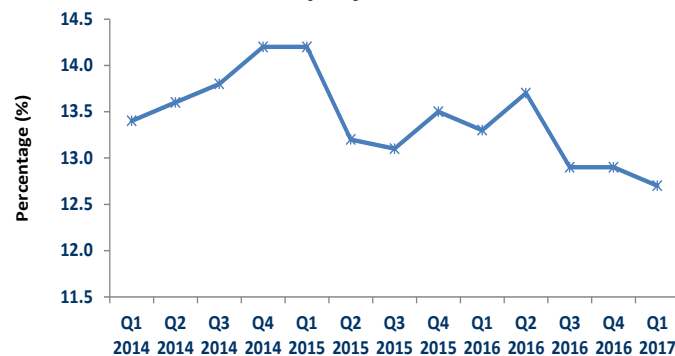


In order to meet the debt to GDP target set for fiscal year (FY) 2016/17, the government has targeted debt levels of \$2.187 trillion assuming a real GDP growth of 1.8% or nominal GDP of \$1.726 trillion. Jamaica’s total public debt as at March 2016 amounted to \$2.068 trillion, a marginal increase of 1.3% compared to the \$2.041 trillion recorded for March 2015.

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 May 2017, the actual figure was \$15.49 billion. Estimated tax revenue for the financial year is \$478.9 billion, results for the period April to May 2017 showed revenue of \$68.56 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.

Unemployment Rate



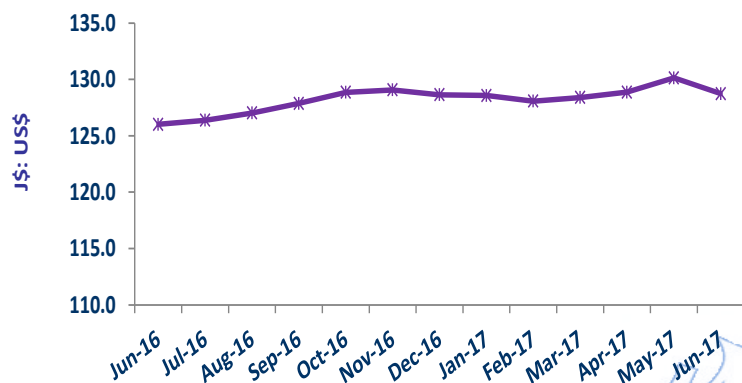


FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar appreciated against the USD for the month of June. The JMD advanced by \$1.4 in June, to close the month at an average of \$128.073 relative to the \$130.13 recorded in May 2017. Year over year, the JMD has depreciated by approximately \$2.72 or 2.16% relative to the \$126.01 reported as at June 2016.

Exchange Rate Movements



OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
26-Jun-17	14 days	5.84%	N/A	Fixed	11-Jul-17
12-Jun-17	14 days	5.86%	N/A	Fixed	27-Jun-17
05-Jun-17	14 days	5.81%	N/A	Fixed	20-Jun-17
19-Jun-17	14 days	5.89%	N/A	Fixed	04-Jul-17
23-Jun-17	365 days	8.82%	N/A	Fixed	24-Jun-18
02-Jun-17	365 days	6.28%	N/A	Fixed	02-Jun-18
09-Jun-17	365 days	7.07%	N/A	Fixed	10-Jun-18

INTERNATIONAL ECONOMY

United States: According to the *U.S. Bureau of Labour Statistics* “The Consumer Price Index for All Urban Consumers (CPI-U) was unchanged in June on a seasonally adjusted basis, the U.S. Bureau of Labour Statistics reported today. Over the last 12 months, the all items index rose 1.6%. The energy index declined again in June, falling 1.6%; this offset an increase in the index for all items less food and energy. All the major energy component indexes declined, with the gasoline index falling 2.8%. The food index was unchanged in June, with the index for food at home declining slightly as five of the six major grocery store food group indexes decreased. The index for all items less food and energy rose 0.1% in June, its third straight such increase. The shelter index continued to rise, and the indexes for medical care, motor vehicle insurance, education, and personal care also increased. The indexes for airline fares, used cars and trucks, wireless telephone services, and new vehicles were among the indexes that declined in June.”

EURO Zone: According to the European Union's statistics office, “Euro area annual inflation was 1.3% in June 2017, down from 1.4% in May. In June 2016 the rate was 0.1%. European Union annual inflation was 1.4% in June 2017, down from 1.6% in May. A year earlier the rate was 0.1%. These figures come from Eurostat, the statistical office of the European Union. The lowest annual rates were registered in Ireland (-0.6%), Denmark (0.4%) and Romania (0.7%). The highest annual rates were recorded in Lithuania (3.5%), Estonia and Latvia (both 3.1%). Compared with May 2017, annual inflation fell in eighteen Member States, remained stable in three and rose in six.”

Commodity: According to the *World Bank* “Energy commodity prices declined 6.4% in June, while non-energy prices fell 1.3%. Food and beverages prices fell 1.1% and 0.7%, respectively. Metals and minerals prices eased 0.7%, while precious metals gained 1.1%.

INTERNATIONAL FOREX

GBP/USD: According to FX Empire, “the pair closed the month on a surprisingly strong note as the prices shot up during to a variety of factors and helped the GBPUSD pair to close the month just below the crucial resistance at 1.3025. What should keep the bulls very much interested is the fact that the rally came about on a month when the pound was hit by the UK election results, the Fed rate hike and general uncertainty around Brexit. Looking ahead to the coming month, we should see whether the bulls are able to push through the 1.3030 region and for this, they need the data from the US to continue to be weak, which will in turn keep the dollar under pressure. If it does happen, then we should see the GBPUSD pair move towards 1.32.”

EUR/USD: According to FX Empire, “the pair continued its rise over the month of June and this basically is a continuation of the upward trend that we have been seeing in this pair over the past few months. Looking ahead to the coming month, the market is likely to view all the incoming data from the US very closely. Over the last couple of months, the data from the US has not been spectacular they were just enough to encourage the Fed to go for a rate hike. But, going forward, the Fed would like to see some strong data for it to start thinking about the next rate hike which the markets expects to arrive in September.”

Int'l Currency Prices: June 1-30				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2882	1.3025	1.2629	1.3025
USD/CAD	1.2964	1.3515	1.2964	1.3515
EUR/USD	1.1213	1.1441	1.1134	1.1426
USD/JPY	11.37	112.39	109.41	112.39

The Bank of Jamaica issued four Repurchase Agreement and three Certificates of Deposit.

CARICOM:

Bahamas - According to the *Central Bank of the Bahamas*, “data suggests that domestic economic activity was relatively subdued during the review month, reflecting the softness in tourism activity, while foreign direct investment projects continued to support construction sector output. The external sector's contribution to the economy continued to be marked by a strengthening in foreign currency inflows through the banking system; however, domestic demand was paced slightly faster, as spending on imports of goods and services increased broadly, both for the month and the year-to-date. Inflationary pressures remained well contained, although domestic energy costs firmed moderately. In fiscal developments, the deficit rose modestly during the first nine months of FY2016/17, as revenue gains were outstripped by the growth in spending. Liquidity in the banking sector contracted in May, despite the slight rise in external reserves, reflecting a falloff in deposits and an increase in credit.”

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.