

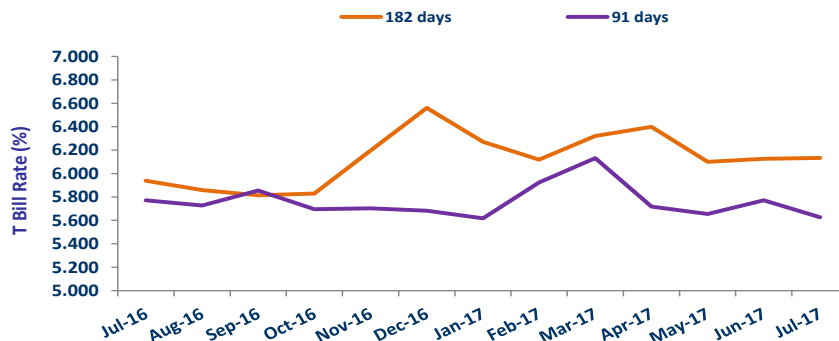


LOCAL ECONOMY

TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

Treasury Bills:

The 91-day Treasury bill auction resulted in an average yield of 5.63% for July, down 15 basis points compared to June's auction. Furthermore, the 182-day Treasury bill auction for June yielded an average rate of 6.13%, down 8 basis points relative to the June'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).



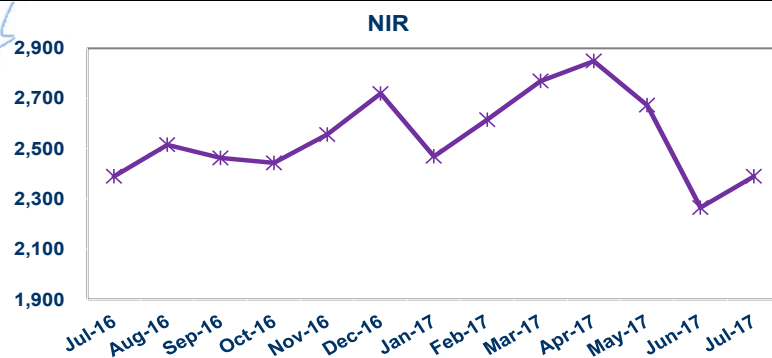
Producer Price Index:

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 registered an increase of 1.0% for the month of June 2017. While the index for the Manufacturing industry moved up by 0.1%. The heaviest weighted major group 'Food, Beverages and Tobacco' was the main contributor to the increase, moving up by 0.1%. The movement in the industry was however tempered by a decline in the index for the second heaviest major group 'Refined Petroleum Products'."

According to STATIN, "the point-to-point movement for June 2016 to June 2017 recorded an increase of 25.1% in the index for the Mining & Quarrying industry. The Manufacturing industry advance by 5.3%. This movement was mainly attributed to increases in the index for the major groups, 'Food, Beverages & Tobacco', up by 4.3%, and 'Refined Petroleum Products' up by 12.5%."

"The fiscal year-to-date April 2017 to June 2017 increased by 1.3% in the index for the Mining & Quarrying industry, while the Manufacturing industry moved up by 0.2% for the same period."

Stopover Arrivals by Market Region					
Country	June 2017	Share %	June 2016	Share %	Change %
U.S.A.	156,664	74.0%	147,053	75.4%	6.5%
Canada	21,080	10.0%	17,879	9.2%	17.9%
Europe	23,316	11.0%	20,758	10.6%	12.3%
Latin America	2,652	1.3%	1,929	1.0%	37.5%
Caribbean	6,122	2.9%	5,274	2.7%	16.1%
Asia	688	0.3%	739	0.4%	-6.9%
Others	1,246	0.6%	1,362	0.7%	-8.5%
Total	211,768	100.0%	194,994	100.0%	8.6%



TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in June 2017 amounted to 211,768 an increase of 8.6% when compared to 194,994 recorded in June 2016.

Stopover arrivals from the U.S. market increased by 6.5% in June 2017 with a total of 156,664 arrivals compared to 147,053 arrivals in June 2016.

The Canadian market recorded an increase in arrivals of 17.9% with arrivals amounting to 21,080 relative to 17,879 in June of last year.

The European market region recorded a increase in arrivals by 12.3% to 23,316 stopover arrivals in June 2017, relative to 20,758 recorded for June 2016.

Arrivals from Latin America recorded an increase of 37.5% with a total of 2,652 stopovers relative to June 2016. (see Tourist Arrivals table above)

REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for April 2017, showed, "net remittances were US\$179.9 million, a decrease of US\$3.6 million or 2% relative to the corresponding month of 2016."

For the period January 2017 to April 2017, "net remittances totalled US\$674.1 million, an increase of US\$14.5 million or 2.2% relative to the corresponding period of the last year.

The growth in remittances was driven by a 2.5% increase in 'remittance companies' which closed the period at US\$650.1 million compared to the US\$634.2 million recorded in 2016. 'Other remittances' closed the period at US\$102.2 a 3.3% decrease over the US\$105.7 million booked in 2016.

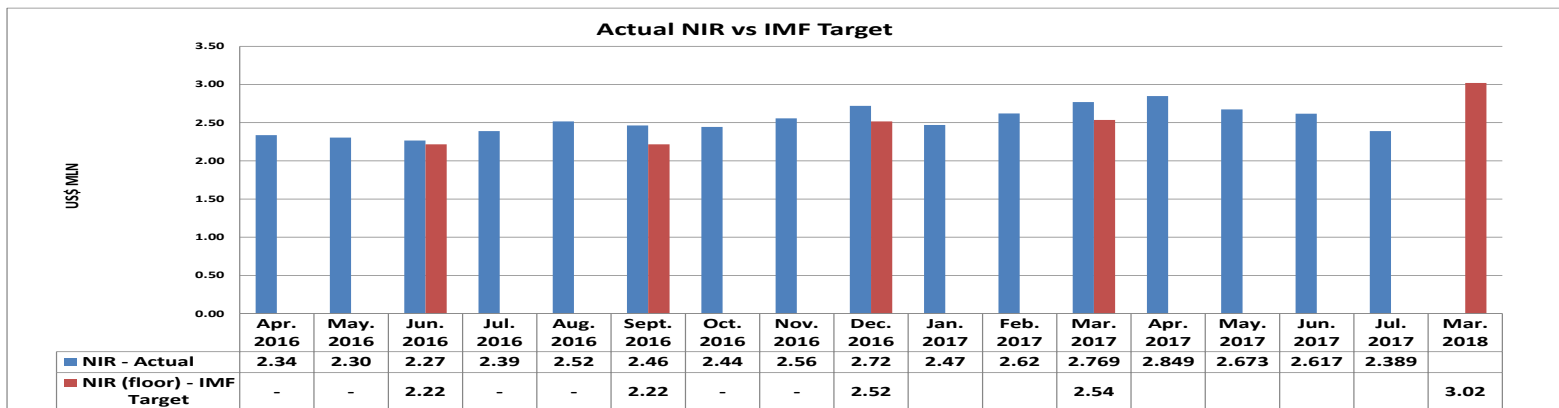
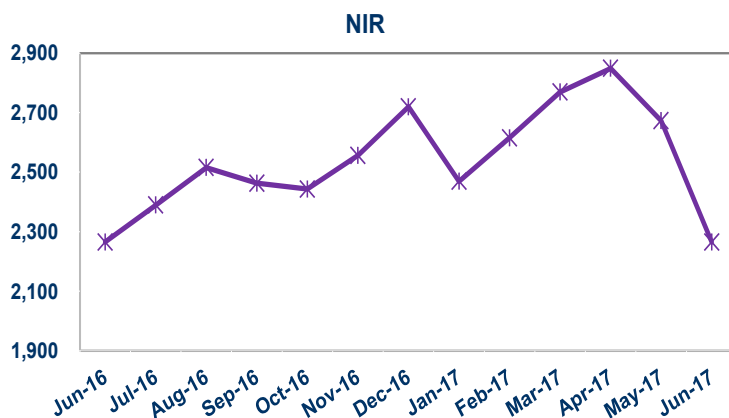


NET INTERNATIONAL RESERVES

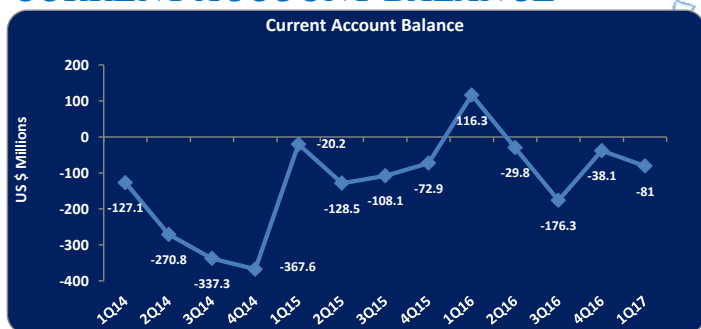
Jamaica's Net International Reserves totaled US\$2,616.81 million as at June 2017, reflecting an decrease of US\$55.96 million relative to the US\$2,672.77 million reported as at the end of May 2017.

Changes in the NIR resulted from a decrease in Foreign Assets of US\$53.07 million to total US\$3,185.65 million. Currency and Deposits contributed the most to the decline in Foreign Assets. This as Currency and Deposits as at June 2017 totaled US\$2,880.89 million reflecting a decline of US\$54.47 million compared to US\$2,935.37 million booked as at May 2017. Foreign Liabilities for June 2017 reflected an increase of US\$2.89 million to total US\$568.84 million. The increase reflected the growth in liabilities to the 'IMF' which accounted for 100% of total foreign liabilities.

At its current value, the NIR is US\$351.68 million more than its total of US\$2,265.13 million at the end of June 2016.



CURRENT ACCOUNT BALANCE



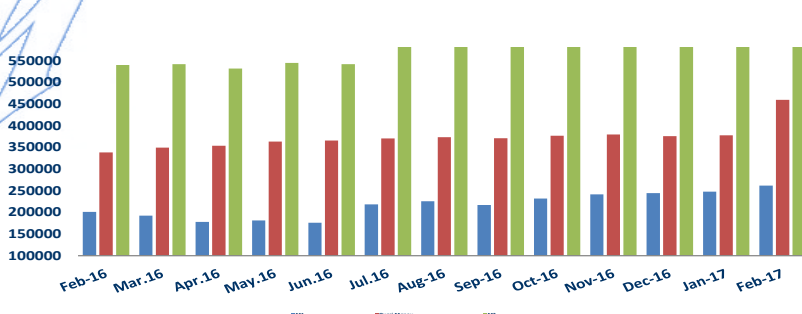
The latest data from the Bank of Jamaica shows the Current Account deficit for the period January 2017 to March 2017 amounted to US\$81.0 million. This however represents an improvement compared to the deficit of US\$139.8 million recorded for the second quarter of 2016.

CONSUMER PRICE INDEX

According to the Statistical Institute of Jamaica, "the Consumer Price Index for July 2017 increased by 0.6%. For the second consecutive month the division 'Food and Non-Alcoholic Beverages' recorded the highest movement of 1.2%. This was primarily due to an upward movement in the class 'Vegetable and Starchy Foods' up by 3.8%. The prolonged effect of the flood rains in mid-May continued to impact agricultural products. The 0.3% increase in the 'Transport' division also contributed to the inflation rate for the month which attributed to an upward movement in the cost for air travel. The only division to record a negative movement in its index was 'Housing, Water, Electricity, Gas and Other Fuels' decreasing by 0.3%. This was as a result of lower electricity rates for the month of July. However, this was tempered by an increase in the cost of water and sewage rates."

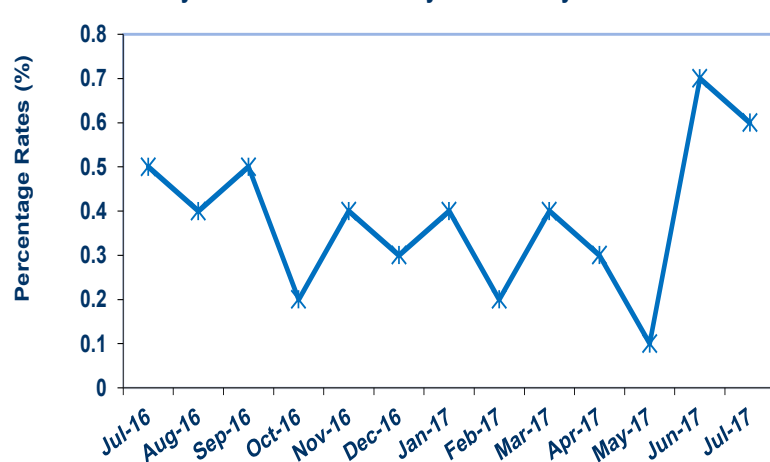
STATIN reported that "the rate of inflation for the calendar year-to-date was 2.7%, the point-to-point movement was 4.5% and the fiscal year-to-date was 1.7%."

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 transfer-

Monthly Inflation Rate from July 2016 to July 2017



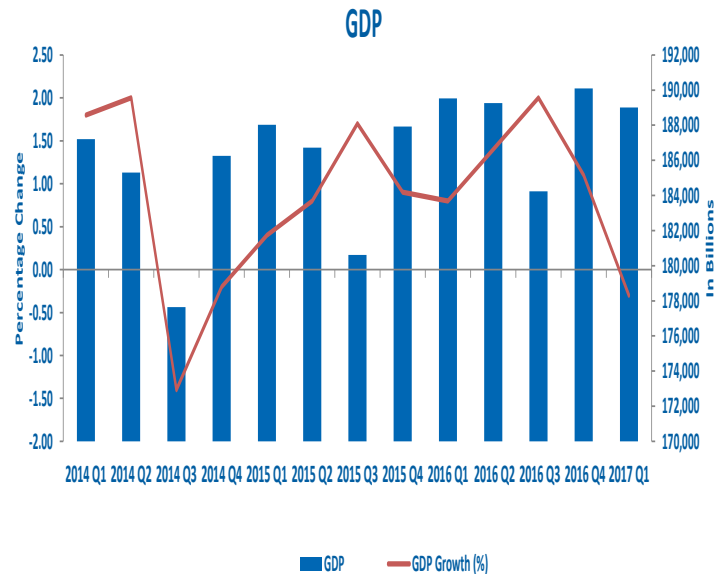


GROSS DOMESTIC PRODUCT

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%.”

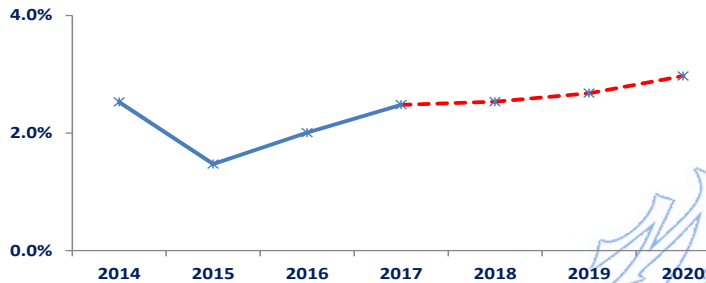
STATIN reports “All industries within the Services industries recorded higher levels of output with the exception of Producers of Government Services which remained relatively unchanged. Increased output was recorded for: Electricity & Water (0.5%), Wholesale & Retail Trade; Repairs; Installation of 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 (%)

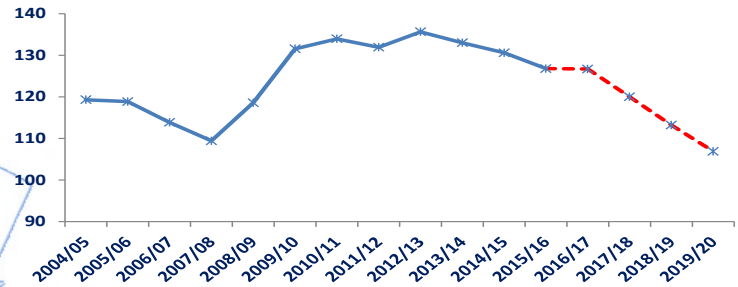


Total Expenditure for the period April to June 2017 amounted to \$124.24 billion, \$1.5 billion or 1.2% less than the budgeted \$125.74 billion. Recurrent expenditure which totaled \$119.04 billion, accounted for 96% of overall expenditures. Relative to projections, recurrent expenditure was \$1.5 billion (1.2%) less than budgeted. Of the recurrent expenditure categories over the review period, ‘Compensation of Employees’ came in slightly under budget totaling \$47.79 billion relative to a budget of \$47.56 billion. ‘Employee Contribution’ which amounted to \$3.69 billion, was \$100.6 million less than projected, while ‘Wages and Salaries’ was above projection by \$11.7 million to total \$43.79 billion. ‘Interest’ also closed the period under budget by 9.5%, while ‘Programmes’ was over budget by 4%. Capital expenditure amounted to \$5.21 billion for the period and was on target.

As a result of the decrease in expenditures for the period April to June 2017, the ‘Fiscal Surplus’ was \$1.60 billion, relative to a projected deficit of 7.66 billion. Additionally, the primary balance for the period amounted to \$30.64 billion, 25.4% 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 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.

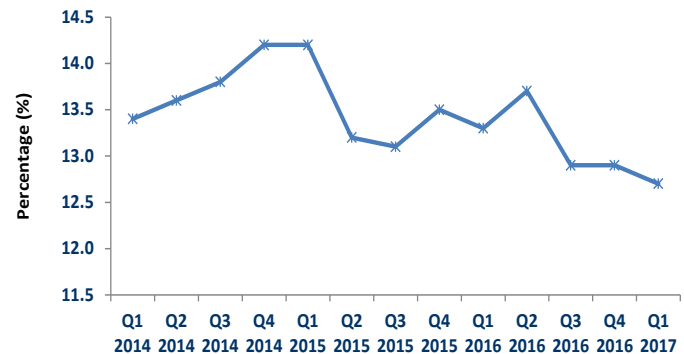
LABOUR FORCE

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	12.2		

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	1,371,600		

In April 2017, Total Labour Force was 1,371,600 persons, an increase of 17,700 (1.3%) compared with 1,353,900 in April 2016. The male labour force increased by 11,300 (1.5%) to 741,000 in April 2017 and the female labour force increased by 6,400 (1.0%) to 630,600. There were 1,204,800 Employed persons in April 2017 representing an increase of 35,800 (3.1%) when compared with the 1,169,000, recorded in April 2016. For males, employment increased by 10,700 (1.6%) between April 2016 (659,700) and April 2017 (670,400) and for females it increased from 509,300 persons in April 2016 to 534,400 in April 2017. The Unemployment Rate for April 2017 was 12.2%, representing a decrease of 1.5% point when compared to the rate of 13.7% for April 2016. The unemployment rate for males decreased from 9.6% to 9.5% and the unemployment rate for females decreased from 18.4% to 15.3%.

Unemployment Rate



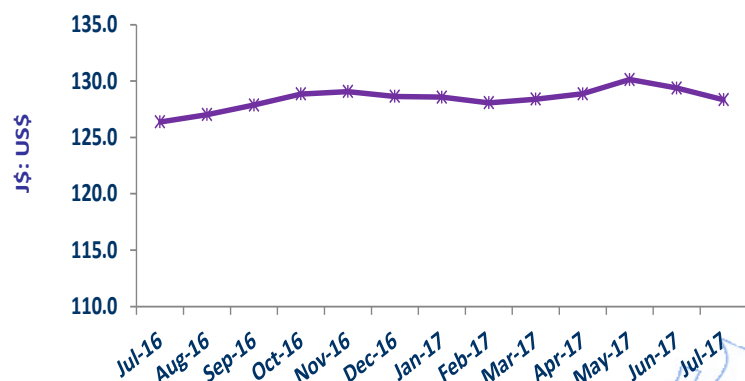


FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar appreciated against the USD for the month of July. The JMD advance by \$1.04 in July, to close the month at an average of \$128.34 relative to the \$129.38 recorded in June 2017. Year over year, the JMD has depreciated by approximately \$1.96 or 1.55% relative to the \$126.38 reported as at July 2016.

Exchange Rate Movements



OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
03-Jul-17	14 days	5.85%	N/A	Fixed	18-Jul-17
10-Jul-17	14 days	5.68%	N/A	Fixed	11-Jul-17
17-Jul-17	14 days	5.87%	N/A	Fixed	02-Aug-17
24-Jul-17	14 days	5.13%	N/A	Fixed	08-Jul-17
31-Jul-17	14 days	5.14%	N/A	Fixed	15-Aug-17
07-Jul-17	3 years	3.10%	N/A	Fixed	06-Jul-20
07-Jul-17	5 years	2.03%	N/A	Fixed	06-Jul-20
07-Jul-17	7 years	4.65%	N/A	Fixed	06-Jul-20
11-Jul-17	365 days	6.10%	N/A	Fixed	11-Jul-18
18-Jul-17	365 days	8.30%	N/A	Fixed	18-Jul-18
25-Jul-17	365 days	8.37%	N/A	Fixed	25-Aug-18
28-Jul-17	28 days	4.75%	N/A	Fixed	25-Aug-17

INTERNATIONAL ECONOMY

United States: According to the *U.S. Bureau of Labour Statistics* "The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.1% in July on a seasonally adjusted basis, the U.S. Bureau of Labour Statistics reported today. Over the last 12 months, the all items index rose 1.7%. The indexes for shelter, medical care, and food all rose in July, leading to the seasonally adjusted increase in the all items index. The energy index declined slightly in July, with its major component indexes mixed. The index for natural gas declined, while the electricity index rose and the gasoline index was unchanged. The food index increased 0.2%, with the indexes for food at home and food away from home both rising.

EURO Zone: According to the European Union's statistics office, "Euro area annual inflation was 1.3% in July 2017, stable compared with June 2017. In July 2016 the rate was 0.2%. European Union annual inflation was 1.5% in July 2017, also stable compared to June 2017. A year earlier the rate was 0.2%. The lowest annual rates were registered in Ireland (-0.2%), Cyprus (-0.1%), Bulgaria and Finland (both 0.6%). The highest annual rates were recorded in Lithuania (4.1%), Estonia (3.9%), Latvia and the United Kingdom (both 2.6%). Compared with June 2017, annual inflation fell in four Member States, remained stable in eight and rose in sixteen."

Commodity: According to the *World Bank* "Energy commodity prices declined 3.0% in July, while non-energy prices rose 2.0%. Food and beverages prices rose 0.7% and 1.7%, respectively. Metals and minerals prices surged 5.1%, while precious metals dipped 2.3%."

INTERNATIONAL FOREX

GBP/USD: The pair closed at \$1.3215. According to FX Empire, "It was a classic bullish month for the GBPUSD in July after seemingly down in the dumps for most of the time in the month of June. Of course, it did not utilise the weakness in the dollar as much as the euro did but still it was enough for the pound bulls to cross some important hurdles along the way which has now helped them to look ahead to the month of August with a lot of hope for the bullishness to continue." In the upcoming month, it looks good for pushing through 1.34 and maybe even more as the BOE has signalled its intention to hike rates.

EUR/USD: The pair closed the month at \$1.1842. According to FX Empire, "The EURUSD pair had a very bullish month in July and it has to be noted that this has been the case since April. From that month onwards, we have seen the EURUSD pair rise by over 1000 pips which is something unnatural for a pair like this one. Looking ahead to the coming month, as expected, the first week or two of the new month is likely to be very crucial as we await a slew of data from the various countries around the world. Particular attention will be paid to the data from the US to see if there is any end in sight to the trend of weak data from the US."

Int'l Currency Prices: July 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2940	1.3215	1.2848	1.3215
USD/CAD	1.3001	1.3001	1.2433	1.2400
EUR/USD	1.1364	1.1842	1.1346	1.1842
USD/JPY	113.38	114.04	110.26	110.26

USD/CAD: The CAD depreciated against the USD during the month of July by 4% to close at \$1.25.

The Bank of Jamaica issued five Repurchase Agreement, four Certificates of Deposit and three USD Certificates Of Deposit.

CARICOM:

Bahamas - According to the *Central Bank of the Bahamas*, "evidence suggests that domestic economic activity remained mildly positive during the month of June, as output in the construction sector continued to be buoyed by foreign investment projects, and to a lesser extent, public sector rebuilding activity. In contrast, the tourism sector's performance remained soft, reflecting largely the loss of significant room inventory in one major market. Stronger private sector demand continued to be evident, based on the year-on-year growth in foreign exchange transactions, associated with payments for imports of goods and services. The estimated fiscal deficit expanded over the first 10 months of FY2016/2017, with capital outlays leading the growth in overall expenditure, which exceeded the increase in revenue. Monetary developments featured an expansion in banking sector liquidity, with deposit gains outpacing credit growth. External reserves firmed modestly, buoyed by inflows from real sector activity."

Barbados - According to the *Central Bank in Barbados*, "The Barbados economy registered an uneven performance during the first half of the year. Preliminary data suggest that the expansion in real economic output continued into the second quarter, primarily reflecting sustained growth in tourism activity. The fiscal deficit narrowed moderately in the first quarter of fiscal year (FY) 2017/18, partially the result of the fiscal consolidation measures implemented in the previous fiscal year. However, the stock of international reserves fell below 10 weeks of import cover, owing in part to expected external debt service obligations and the on-going delays in securing planned foreign investment inflows. The context for this outcome is that the Barbados economy has underperformed in the aftermath of the global financial crisis, as evidenced by low growth and significant fiscal and external imbalances."