

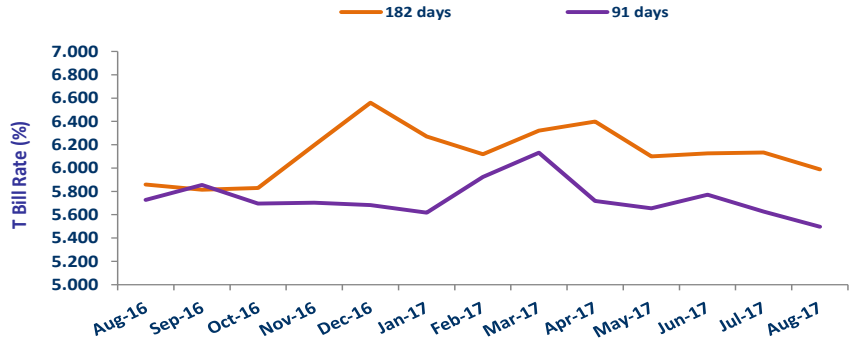


LOCAL ECONOMY

TREASURY BILL OUTFURN & PRODUCER PRICE INDEX

Treasury Bills:

The 91-day Treasury bill auction resulted in an average yield of 5.50% for August, down 13 basis points compared to July's auction. Furthermore, the 182-day Treasury bill auction for August yielded an average rate of 5.99%, down 14 basis points relative to the July's outturn. Notably, the average yields on the 91-day decreased by 23 basis points compared to the auctions in 2016 for the comparable period. The 182-day treasury bills increase by 13 basis points relative to the corresponding auctions in 2016. (Refer to graph on the right).



Producer Price Index:

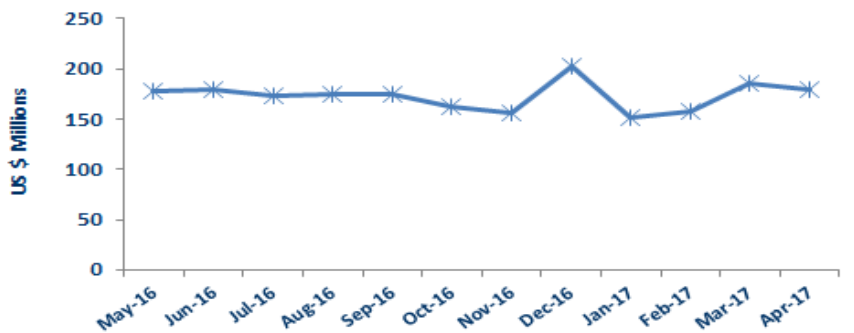
Latest data on the Producer Price Index (PPI) from the Statistical Institute of Jamaica (STATIN) indicated that "The Producer Price Index (PPI) for the Mining and Quarrying industry registered an increase of 1.3% for the month of July 2017. The major group 'Bauxite Mining and Alumina Processing' was the main contributor to the increase moving up by 1.4%, as a result of higher prices for alumina. The Manufacturing industry rose by 0.2% for the same period under review. The main contributor to this movement was the 4.4% increase in the major group 'Other Non-Metallic Mineral Products'. This was however tempered by the negligible movement within the highest weighted major group 'Food, Beverages and Tobacco' and a 0.3% decline in the index for the major group 'Refined Petroleum Products'."

According to STATIN "For the point-to-point movement, July 2016 to July 2017, the index for the Mining & Quarrying industry registered an increase of 25.2%. The Manufacturing industry recorded an increase of 5.2%, due mainly to the increases in the index for the major groups 'Food, Beverages & Tobacco' (4.1%) and 'Refined Petroleum Products' (12.6%)."

"For the fiscal year-to-date April 2017 to July 2017, the Mining & Quarrying industry recorded a 2.3% upward movement in the index. The Manufacturing industry registered an increase of 0.2% in its index for the same period."

Stopover Arrivals by Market Region					
Country	July 2017	Share %	July 2016	Share %	Change %
U.S.A.	178,432	71.8%	164,232	72.0%	8.6%
Canada	26,773	10.8%	25,995	11.4%	3.0%
Europe	31,576	12.7%	26,169	11.5%	20.7%
Latin America	3,152	1.3%	2,332	1.0%	35.2%
Caribbean	7,064	2.8%	7,877	3.5%	-10.3%
Asia	923	0.4%	819	0.4%	12.7%
Others	706	0.3%	745	0.3%	-5.2%
Total	248,626	100.0%	228,169	100.0%	9.0%

Net Remittance



TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in July 2017 amounted to 248,626 an increase of 9.0% when compared to 228,169 recorded in July 2016.

Stopover arrivals from the U.S. market increased by 8.6% in July 2017 with a total of 178,432 arrivals compared to 164,232 arrivals in July 2016.

The Canadian market recorded an increase in arrivals of 3.0% with arrivals amounting to 26,773 relative to 25,995 in July of last year.

The European market region recorded a increase in arrivals by 20.7% to 31,576 stopover arrivals in July 2017, relative to 26,169 recorded for July 2016.

Arrivals from Latin America recorded an increase of 35.2% with a total of 3,152 stopovers relative to July 2016. (see Tourist Arrivals table above)

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.

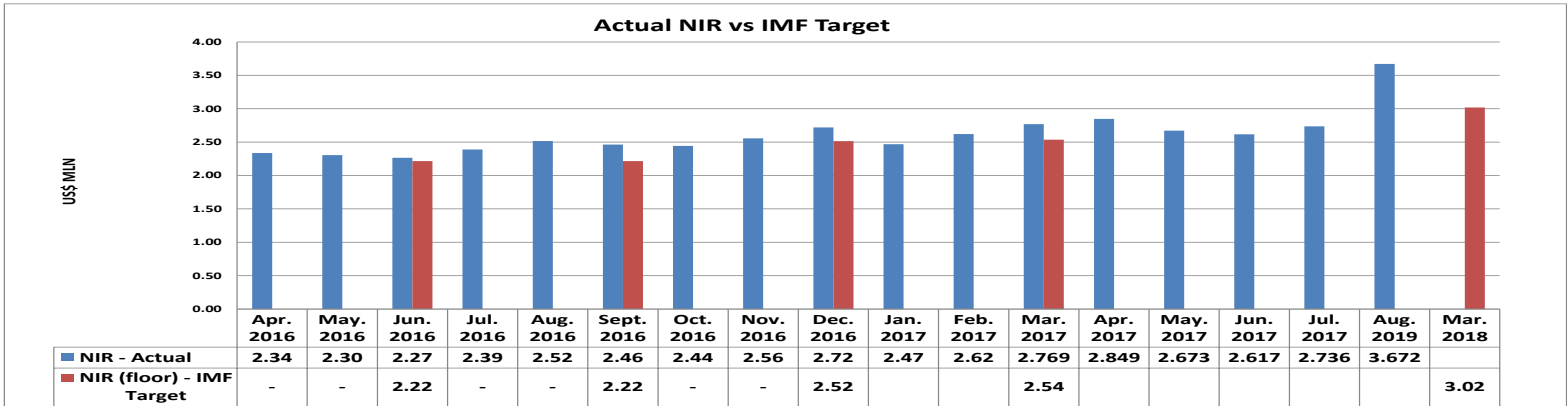
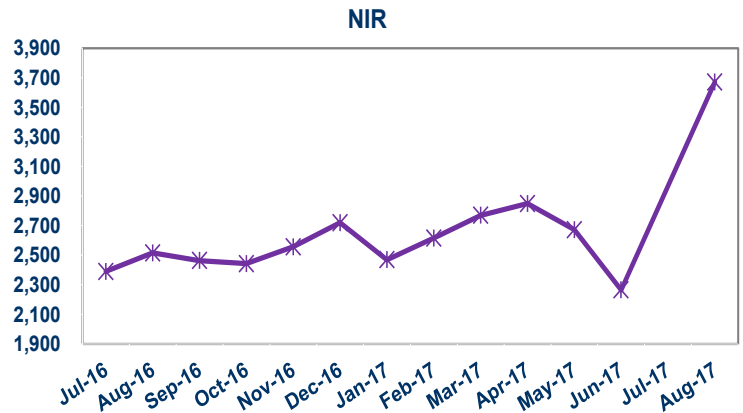


NET INTERNATIONAL RESERVES

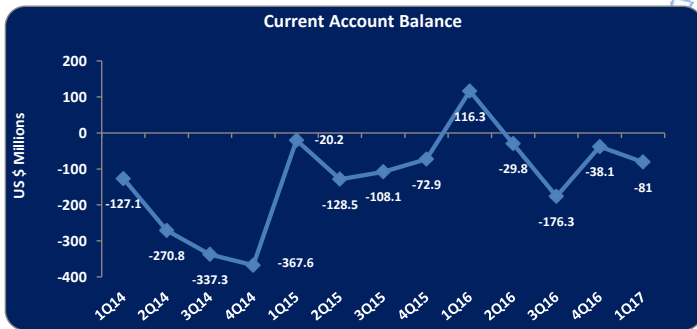
Jamaica's Net International Reserves totaled US\$3,671.68 million as at August 2017, reflecting an increase of US\$935.33 million relative to the US\$2,736.35 million reported as at the end of July 2017.

Changes in the NIR resulted from an increase in Foreign Assets of US\$935.33 million to total US\$4,247.21 million compared to the US\$3,311.88 million reported for July 2017. 'Currency & Deposits' contributed the most to the growth in Foreign Assets. This as 'Currency & Deposits' as at August 2017 totaled US\$3,739.78 million reflecting an increase of US\$936.94 million compared to US\$2,802.84 million booked as at July 2017.

At its current value, the NIR is US\$1,156.16 million more than its total of US\$2,515.52 million at the end of August 2016. The current reserve is able to support approximately 45.99 weeks of goods imports or 26.84 weeks of goods and services imports.



CURRENT ACCOUNT BALANCE



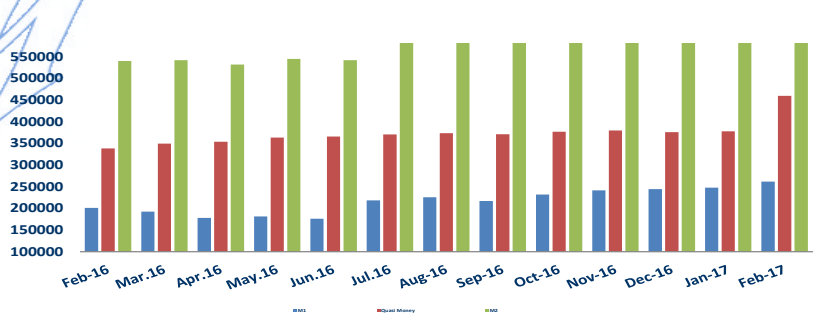
The latest data from the Bank of Jamaica shows the Current Account deficit for the period January 2017 to March 2017 amounted to US\$81.0 million. This however represents an improvement compared to the deficit of US\$139.8 million recorded for the first quarter of 2016.

CONSUMER PRICE INDEX

According to the Statistical Institute of Jamaica, "For August 2017, the All Jamaica Consumer Price Index moved to 243.4, indicating an increase in the inflation rate of 0.3%. The division 'Recreation and Culture' recorded the highest movement 1.3%, while the index for 'Food and Non-Alcoholic Beverages' advanced by 0.6%. The index for 'Recreation and Culture' was influenced mainly by increased prices for books and other school equipment, while increases within the 'Food and Non-Alcoholic Beverages' division was due mainly to a 0.6% upward movement for the group 'Food'. This group was mainly impacted by the 1.6% increase for 'Vegetable and Starchy Foods' due to higher prices for produce such as cabbage, potato and yam. The only division to record a decline in its index was 'Housing, Water, Electricity, Gas and Other Fuels' of 0.5%. The upward movement of 0.4% for the group 'Water Supply and Miscellaneous Services Related to the Dwelling' was tempered by the 1.1% fall in the index for 'Electricity, Gas and Other Fuels'."

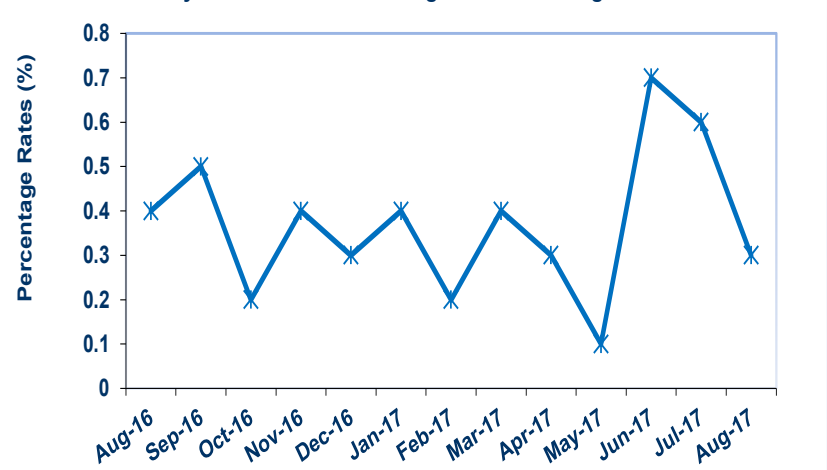
STATIN reported that, "the calendar year-to-date inflation was 3.0%, the point-to-point 4.4% and the fiscal year-to-date movement 2.0%."

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 August 2016 to August 2017



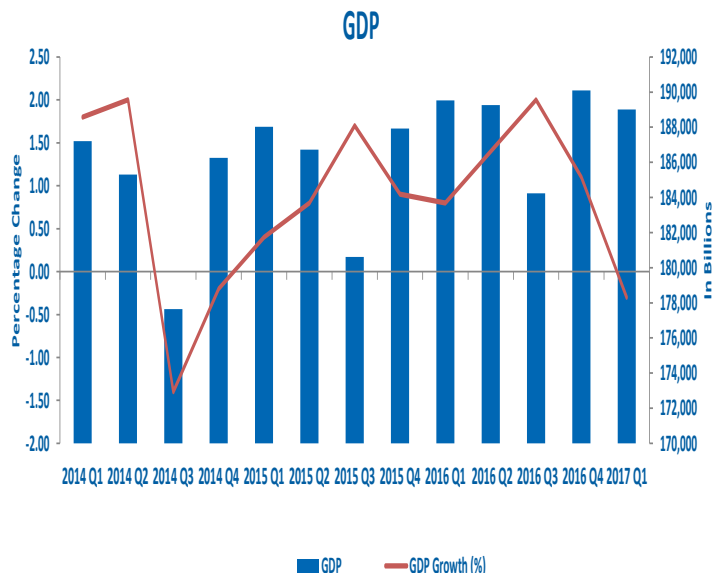


GROSS DOMESTIC PRODUCT

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%.”

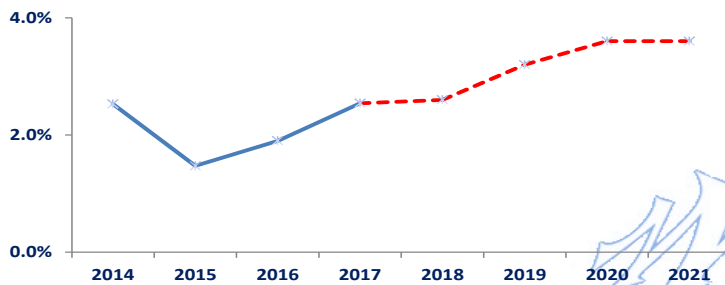
STATIN reports “All industries within the Services industries recorded higher levels of output with the exception of Producers of Government Services which remained relatively unchanged. Increased output was recorded for: Electricity & Water (0.5%), Wholesale & Retail Trade; Repairs; Installation of 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% 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%) and the Services industries (1.1%). For the fiscal year 2016/2017 the economy grew by 1.3% when compared to the fiscal year 2016/2015.”



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)

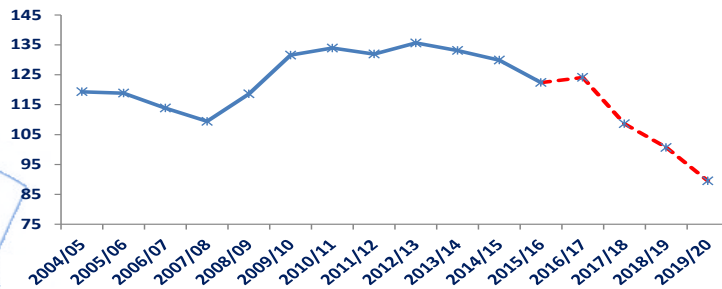


Total Expenditure for the period April to June 2017 amounted to \$124.24 billion, \$1.5 billion or 1.2% less than the budgeted \$125.74 billion. Recurrent expenditure which totaled \$119.04 billion, accounted for 96% of overall expenditures. Relative to projections, recurrent expenditure was \$1.5 billion (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. For the June quarter, a primary balance of \$3.4 billion is estimated. As at June 2017, this amounted to \$30.64 billion. Tax Revenue is expected to total an estimated \$100 billion by the end of the June quarter, as at June 2017, tax revenue was booked at \$117.12 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.

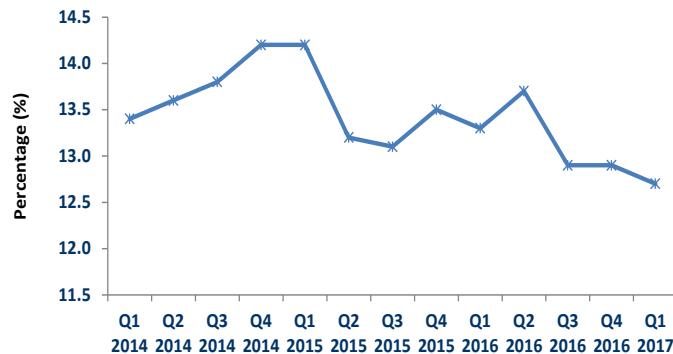
LABOUR FORCE

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



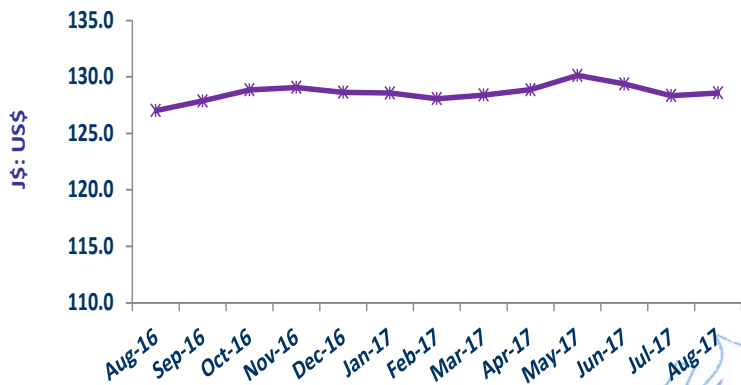


FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of August. The JMD declined by \$0.25 in August, to close the month at an average of \$128.59 relative to the \$128.34 recorded in July 2017. Year over year, the JMD has depreciated by approximately \$1.56 or 1.23% relative to the \$127.03 reported as at August 2016.

Exchange Rate Movements



INTERNATIONAL FOREX

GBP/USD: The pair closed at \$1.2930. According to FX Empire, “The GBPUSD pair ended the month near the lows of its range and this points to further weakness in the coming month for the pair. It was a volatile month for the pair as the first half of the month was marked by bullishness in the pair and the second half of the month was marked by weakness. Looking ahead to the month of September, we have the usual sets of monthly data but apart from the peripheral data like the PMIs and the GDP and production data from the UK, there is not much to look forward to as far as the UK is concerned as the BOE has made its stance of no rate hike pretty much clear.

EUR/USD: The pair closed the month at \$1.1910. According to FX Empire, “The EURUSD pair had a choppy month of trading though the uptrend was pretty much intact in the pair. The uptrend was not as strong and clear as it was in July but this could have been due to the holiday period in some parts of the world which would have led to traders not being in their desks. Looking ahead to September, we are reaching a stage when the ECB is going to be really concerned about the strength of the euro and would begin to look at tapering the strength somehow.”

Int'l Currency Prices: August 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3203	1.3223	1.2800	1.2930
USD/CAD	1.2538	1.2757	1.2481	1.2482
EUR/USD	1.1802	1.1979	1.1723	1.1910
USD/JPY	110.36	110.75	108.98	109.98

USD/CAD: The CAD appreciated against the USD during the month of August by 0.4% to close at \$1.2482.

OPEN MARKET OPERATION

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

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
04-Aug-17	14 days	5.07%	N/A	Fixed	22-Aug-17
14-Aug-17	14 days	5.03%	N/A	Fixed	29-Aug-17
21-Aug-17	14 days	5.01%	N/A	Fixed	05-Sep-17
02-Aug-17	30 days	4.75%	N/A	Fixed	01-Sep-17
09-Aug-17	30 days	4.75%	N/A	Fixed	08-Sep-17
16-Aug-17	30 days	4.75%	N/A	Fixed	15-Sep-17
23-Aug-17	30 days	4.75%	N/A	Fixed	22-Sep-17
30-Aug-17	30 days	4.50%	N/A	Fixed	28-Sep-17
22-Aug-17	2.6 years	2.75%	N/A	Fixed	10-Mar-24
22-Aug-17	4.6 years	3.70%	N/A	Fixed	10-Mar-24
22-Aug-17	6.6 years	4.40%	N/A	Fixed	11-Mar-24

INTERNATIONAL ECONOMY

United States: According to the *U.S. Bureau of Labour Statistics* “The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.4% in August 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%. Increases in the indexes for gasoline and shelter accounted for nearly all of the seasonally adjusted increase in the all items index. The energy index rose 2.8% in August as the gasoline index increased 6.3%. The shelter index rose 0.5% in August with the rent index up 0.4%. The food index rose slightly in August, with the index for food away from home increasing and the food at home index declining. The index for all items less food and energy rose 0.2% in August. Along with the shelter index, the indexes for motor vehicle insurance, medical care, and recreation all increased in August. The indexes for airline fares and for used cars and trucks were among those that declined in August.”

EURO Zone: According to the *European Union's statistics office*, “Euro area annual inflation was 1.5% in August 2017, up from 1.3% in July 2017. In August 2016 the rate was 0.2%. European Union annual inflation was 1.7% in August 2017, up from 1.5% in July 2017. A year earlier the rate was 0.3%. These figures come from Eurostat, the statistical office of the European Union. The lowest annual rates were registered in Ireland (0.4%), Cyprus (0.5%), Greece and Romania (both 0.6%). The highest annual rates were recorded in Lithuania (4.6%), Estonia (4.2%), and Latvia (3.2%). Compared with July 2017, annual inflation rose in twenty Member States, remained stable in five and fell in three.”

Commodity: According to the *World Bank*, “Energy commodity prices rose 4.4% in August, while non-energy prices rose 1.3%. Food and beverages prices fell 3.4% and 0.2%, respectively. Metals and minerals prices surged 8.2%, while precious metals jumped 4.0%.”

CARICOM:

Bahamas - According to the *Central Bank of the Bahamas*, “Indications are that domestic economic conditions remained subdued during the review month, reflecting the ongoing softness in tourism output, while foreign investment projects and hurricane repair activities continued to support construction activity. Private sector spending also continued to show improvement, as evidenced by rising demand for foreign exchange for the purchase of goods and services from abroad. Given the level of construction activity, the on boarding of staff for Baha Mar, and some public sector recruitments, employment conditions improved over the six months to May 2017, pushing the jobless rate below double digit levels for the first time in almost a decade. Fiscal developments featured a further expansion in the deficit for the eleven months of FY2016/17, as the growth in aggregate expenditure continued to outpace revenue gains. In the monetary sector, liquidity contracted, as a drawdown in deposits contrasted with growth in credit, while the seasonal increase in foreign currency demand during the summer period, contributed to the falloff in external reserves.”

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

