

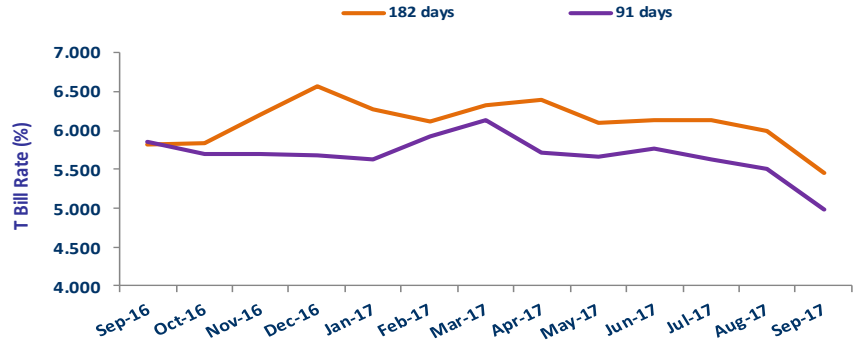


LOCAL ECONOMY

TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

Treasury Bills:

The 91-day Treasury bill auction resulted in an average yield of 4.985% for September, down 51 basis points compared to August's auction. Furthermore, the 182-day Treasury bill auction for September yielded an average rate of 5.454%, down 53 basis points relative to the August's outturn. Notably, the average yields on the 91-day decreased by 87 basis points compared to the auctions in 2016 for the comparable period. The 182-day treasury bills declined by 36 basis points relative to the corresponding auctions in 2016. (Refer to graph on the right).



Producer Price Index:

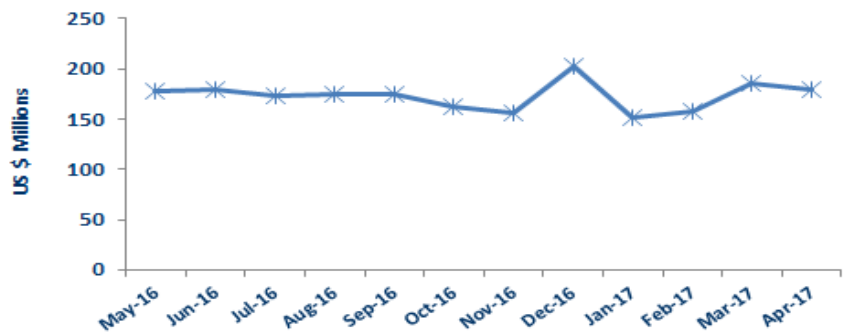
Latest data on the Producer Price Index (PPI) from the Statistical Institute of Jamaica (STATIN) indicated that: "The Producer Price Index (PPI) for the Mining and Quarrying industry declined by 0.8% for the month of August 2017. This was due to the appreciation of the Jamaican dollar during the month. In contrast, the Manufacturing industry increased by 0.9% for the same period. The following major groups were the main contributors to the increase 'Refined Petroleum Products' rose by 4.2%, 'Other Manufacturing n.e.c.' up by 2.4%, 'Wood, Wood Products and Furniture' up by 2.4% and 'Food, Beverages & Tobacco' by 0.1%."

According to STATIN "The point-to-point movement for August 2016 to August 2017 recorded a 23.4% increase in the index for the Mining & Quarrying industry. The Manufacturing industry recorded an increase of 6.3%, as a result of increases in the index for the major groups, 'Food, Beverages & Tobacco' and 'Refined Petroleum Products', 3.8% and 19.8% respectively."

"For the fiscal year-to-date April 2017 to August 2017, the Mining & Quarrying industry recorded a 1.8% increase in the index. The Manufacturing industry rose by 1.4% in its index for the same period under review."

Stopover Arrivals by Market Region					
Country	August 2017	Share %	August 2016	Share %	Change %
U.S.A.	130,421	67.6%	111,726	66.1%	16.7%
Canada	24,099	12.5%	23,406	13.8%	3.0%
Europe	29,177	15.1%	23,185	13.7%	25.8%
Latin America	2,619	1.4%	2,661	1.6%	-1.6%
Caribbean	5,577	2.9%	6,847	4.1%	-18.5%
Asia	460	0.2%	702	0.4%	-34.5%
Others	525	0.3%	496	0.3%	5.8%
Total	192,878	100.0%	169,023	100.0%	14.1%

Net Remittance



TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in August 2017 amounted to 192,878 an increase of 14.1% when compared to 169,023 recorded in August 2016.

Stopover arrivals from the U.S. market increased by 16.7% in August 2017 with a total of 130,421 arrivals compared to 111,726 arrivals in August 2016.

The Canadian market recorded an increase in arrivals of 3.0% with arrivals amounting to 24,099 relative to 23,406 in August of last year.

The European market region recorded a increase in arrivals by 25.8% to 29,177 stopover arrivals in August 2017, relative to 23,185 recorded for August 2016.

Arrivals from Latin America recorded a decline of 1.6% with a total of 2,619 stopovers relative to August 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.

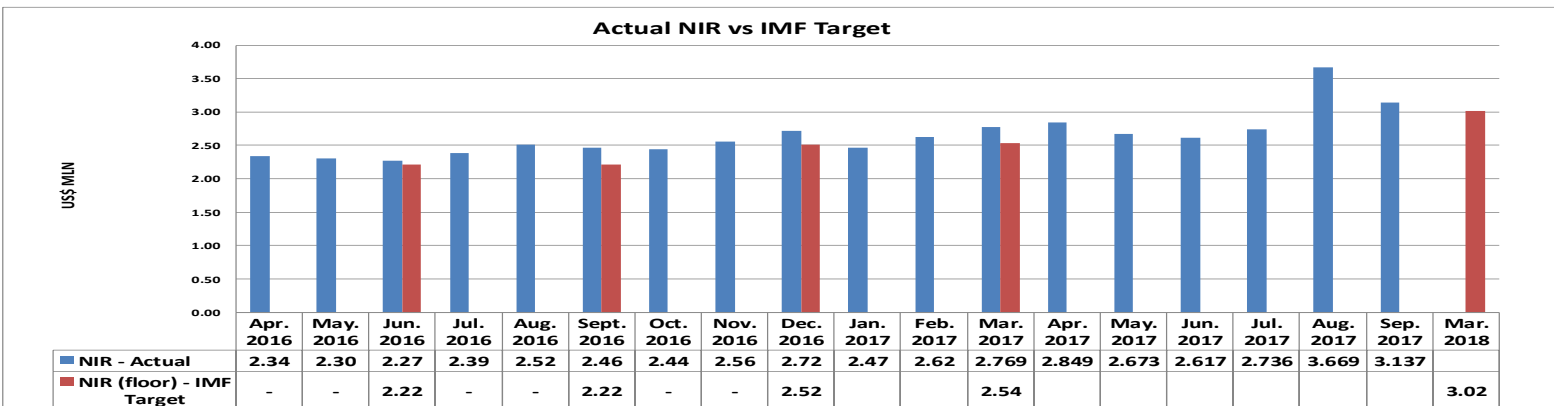
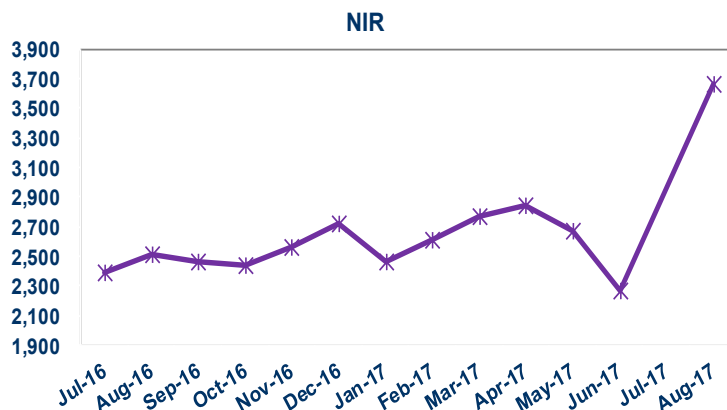


NET INTERNATIONAL RESERVES

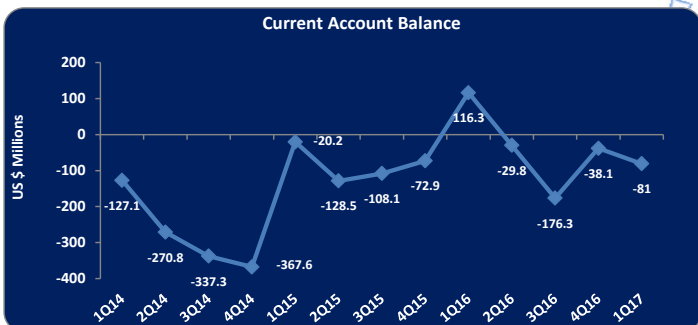
Jamaica's Net International Reserves totaled US\$3,137.14 million as at September 2017, reflecting a decrease of US\$532.23 million relative to the US\$3,669.37 million reported as at the end of August

Changes in the NIR resulted from a 13% or US\$532.27 decline in Foreign Assets to total US\$3,714.94 million compared to US\$4,247.21 million reported for August 2017. The decline in Foreign Assets was linked to a downward movement in 'Currency & Deposits'. As at September 2017, 'Currency & Deposits' totaled US\$3,135.68 million reflecting a decrease of US\$604.10 million compared to US\$3,739.78 million booked as at August 2017. Securities amounted to US\$303.37 million, US\$71.99 million more than the US\$231.39 million reported in August 2017.

At its current value, the NIR is US\$674.13 million more than its total of US\$2,463.01 million at the end of September 2016. The current reserve is able to support approximately 40.87 weeks of goods imports or 23.70 weeks of goods and services imports.



CURRENT ACCOUNT BALANCE



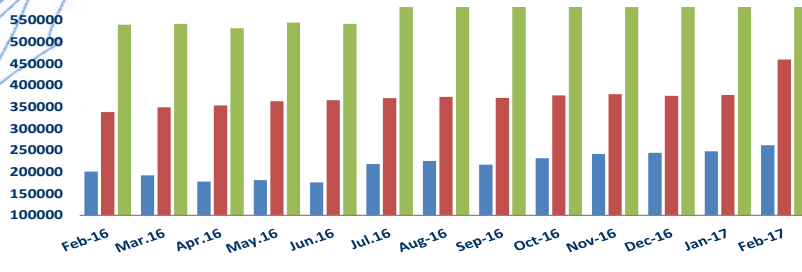
The latest data from the Bank of Jamaica shows the Current Account deficit for the period January 2017 to March 2017 amounted to a deficit of US\$81.0 million. This compared to the US\$139.0 million surplus booked for the first quarter of 2016.

CONSUMER PRICE INDEX

According to the Statistical Institute of Jamaica, "The All Jamaica Consumer Price Index for September 2017 recorded an inflation rate of 0.7%. This figure, as well as the movement for June represent the highest monthly inflation rate for the calendar year to date. The main contributor to this movement was the 2.6% rise in the division 'Housing, Water, Electricity, Gas and Other Fuels' due mostly to higher electricity rates. However, the rise in the division's index was moderated by a fall in water and sewage rates. In addition, the highest weighted division 'Food and Non-Alcoholic Beverages' went up by 0.4%, influenced mainly by a 1.1% increase for the class 'Vegetables and Starchy Foods'. Other notable increases were for the divisions: 'Restaurants and Accommodation Services' (1.0%) due to increase in prices for meals consumed away from home and 'Education' (2.0%) as a result of higher tuition fees.

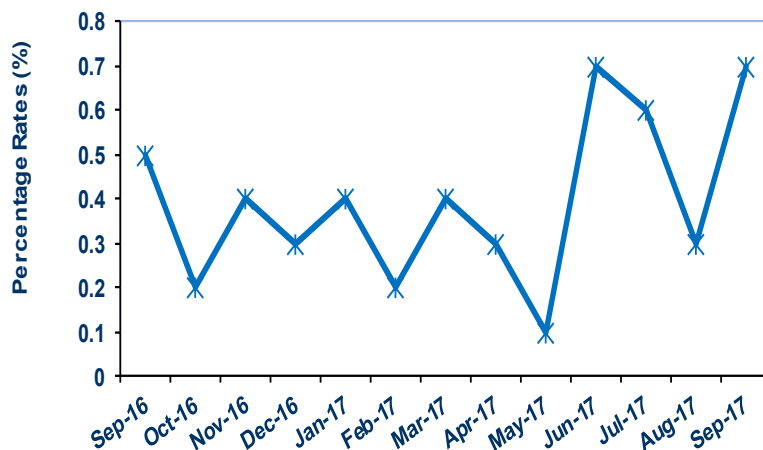
STATIN reported that, "The calendar year-to-date inflation was 3.7%, the point-to-point 4.6% and the fiscal year-to-date movement was 2.6%.

MONEY SUPPLY



Total Money Supply (M3) as at June 2017 amounted to J\$757.64 billion, an decline of 9% compared to the \$832.29 billion in March 2017 and a 8.8% increase year over year. M2, comprises M1 plus short-term savings and time deposits, certificates of deposit, foreign currency transferable deposits, repurchase agreements and other deposits.

Monthly Inflation Rate from September 2016 to September 2017

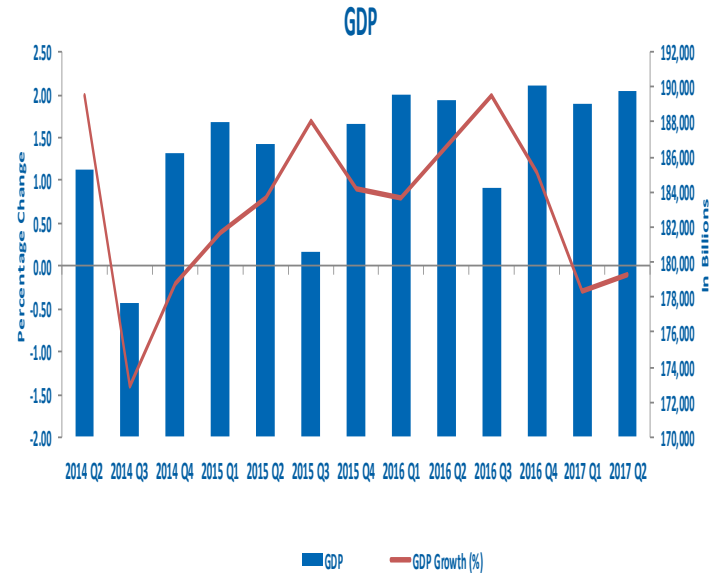




GROSS DOMESTIC PRODUCT

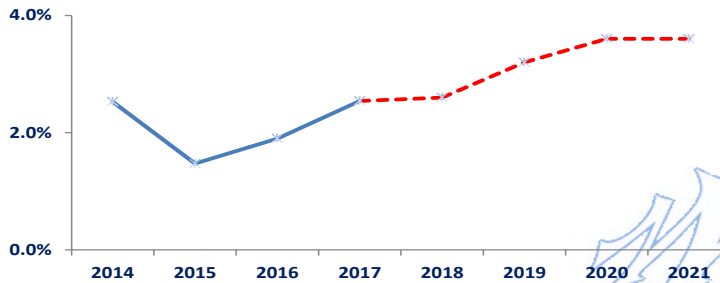
According to the Statistical Institute of Jamaica, "The Jamaican economy declined by 0.1% in the second quarter of 2017 when compared to the similar quarter of 2016. This was due mainly to a 3.3% decline in the Goods Producing Industries, however, the Services Industries grew by 1.0%. The main contributors to the decline in the Goods Producing Industries were Agriculture, Forestry & Fishing (9.5%) and Mining & Quarrying (10.9%). However, higher levels of output were recorded for Manufacturing (1.1%) and Construction (1.2%). All Services Industries recorded growth."

STATIN reports, "Value added for the Agriculture, Forestry & Fishing industry fell by 9.5% in the second quarter of 2017 when compared to the similar period of 2016. Other Agricultural Crops, which includes Animal Farming, Forestry and Fishing, declined by 13.6% and Traditional Export Crops by 3.2%. The weak performance of the industry was due largely to unfavourable weather conditions and the devastation of crops from the beet armyworm infestation. Value added for the Mining and Quarrying industry fell by 10.9% for the review period. There was a reduction in production for both alumina and crude bauxite. Alumina. The fall in alumina production was due to heavy rainfall which affected mining activities as well as the malfunctioning of equipment at one of the factories. Value added for the Manufacturing industry recorded an increase of 1.1% for the review period. This was due to higher output levels within the Food, Beverages & Tobacco (0.8%) and Other Manufacturing (1.7%) sub-industries. Real value added for the Construction industry increased by 1.2%. The Electricity & Water Supply industry recorded growth of 0.1% in real value added. This was due to higher electricity consumption which increased by 0.5%, moving to 812,199 MWh in 2017 from 808,447 MWh in 2016. The Hotels & Restaurants industry grew by 5.1%. This growth was as a result of increased activities in hotels & other short-stay accommodation and restaurants, bars & canteens."



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)

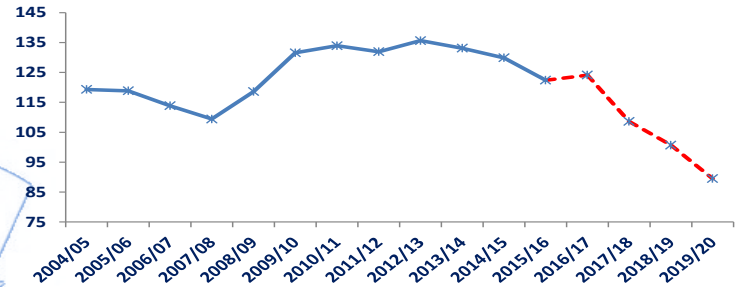


Total Expenditure for the period April to August 2017 amounted to \$218.90 billion, \$6.89 billion or 3.1% less than the budgeted \$225.8 billion. Recurrent expenditure which totalled \$205.3 billion, accounted for 94% of overall expenditures. Relative to projections, recurrent expenditure was \$6.79 billion (3.2%) less than budgeted. Of the recurrent expenditure categories over the review period, 'Compensation of Employees' came in above budget by \$499.3 million, totalling \$79.25 billion relative to a budget of \$78.75 billion. 'Employee Contribution' which amounted to \$6.72 billion, was \$846.5 million less than projected, while 'Wages and Salaries' was below the projection by \$347.2 million to total \$72.53 billion. 'Interest' closed the period under budget by 3.4%, while 'Programmes' was under budget by 7.2%. 'Capital Expenditure' amounted to \$13.60 billion for the period and was under budget by 0.7% relative to the budgeted \$13.71 billion.

As a result of the decrease in expenditures for the period April to August 2017, the 'Fiscal Deficit' was \$5.84 billion, relative to a projected deficit of \$27.36 billion. Additionally, the primary balance for the period amounted to \$52.05 billion, 59.9% 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 September quarter, a primary balance of \$38.1 billion is estimated. As at August 2017, this amounted to \$52.05 billion. Tax Revenue is expected to total an estimated \$218.0 billion by the end of the September quarter, as at August 2017, tax revenue was booked at \$193.97 billion.

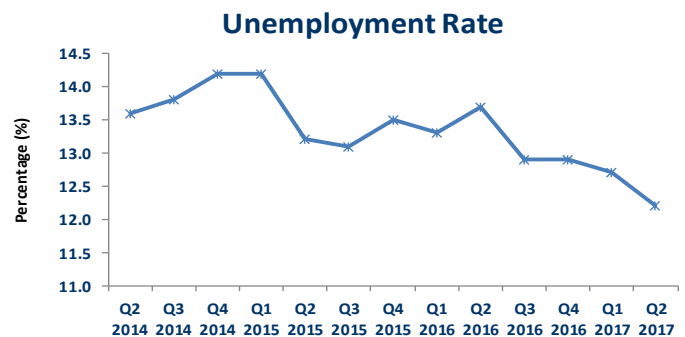
The Government has proposed a redefinition of Public Debt that will become effective April first. Under the new definition Jamaica's Debt to GDP will 115% of GDP at the end of FY2016/17 compared to 124.1% under the old definition.

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%.



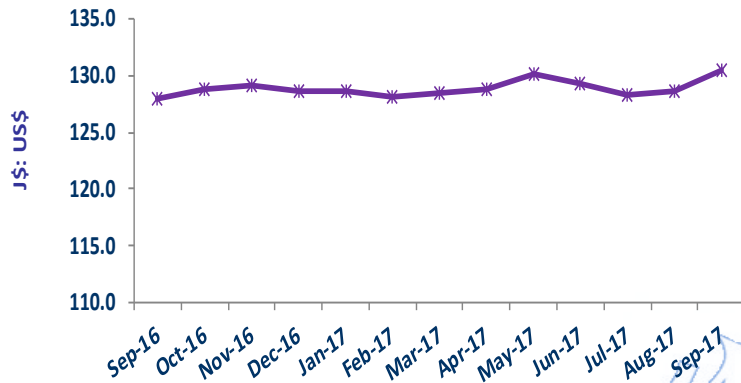


FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of September. The JMD declined by \$1.90 in September, to close the month at an average of \$130.49 relative to the \$128.59 recorded in August 2017. Year over year, the JMD has depreciated by approximately \$2.62 or 2.05% relative to the \$127.87 reported as at September 2016.

Exchange Rate Movements



OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
4-Sep-17	14 days	4.77%	N/A	Fixed	19-Sep-17
11-Sep-17	14 days	4.77%	N/A	Fixed	26-Sep-17
18-Sep-17	14 days	4.76%	N/A	Fixed	3-Oct-17
6-Sep-17	30 days	4.50%	N/A	Fixed	6-Oct-17
13-Sep-17	30 days	4.50%	N/A	Fixed	13-Oct-17
20-Sep-17	30 days	4.50%	N/A	Fixed	20-Oct-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 0.5% in September 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%. The index for all items less food and energy increased 0.1% in September. The shelter index continued to increase, and the indexes for motor vehicle insurance, recreation, education, and wireless telephone services also rose. The all items index rose 2.2% for the 12 months ending September; the 12-month change has been accelerating since it was 1.6% in June. The 12-month change in the index for all items less food and energy remained at 1.7% for the fifth month in a row. The energy index rose 10.1% over the past 12 months, its largest 12-month increase since the period ending March 2017. The food index increased 1.2% over the last year.

EURO Zone: According to the *European Union's statistics office*, “Euro area annual inflation was 1.5% in September 2017, stable compared with August 2017. In September 2016 the rate was 0.4%. European Union annual inflation was 1.8% in September 2017, up from 1.7% in August 2017. A year earlier the rate was 0.4%. The lowest annual rates were registered in Cyprus (0.1%), Ireland (0.2%) and Finland (0.8%). The highest annual rates were recorded in Lithuania (4.6%), Estonia (3.9%) and Latvia (3.0%). Compared with August 2017, annual inflation rose in eleven Member States, remained stable in seven and fell in nine. The largest upward impacts to the euro area annual inflation came from fuels for transport (+0.17 percentage points), accommodation services (+0.09 pp) and heating oil (+0.06 pp), while telecommunication (-0.11 pp), social protection and garments had the biggest downward impacts.

Commodity: According to the *World Bank*, “Energy commodity prices rose 5.4% in September, while non-energy prices rose 1.5%. Food prices rose 1.9% and beverages fell 1.0%. Metals and minerals prices surged 1.4%.

INTERNATIONAL FOREX

GBP/USD: The pair closed at \$1.3398. According to FX Empire, “The GBPUSD pair had a pretty strong month through the rebound from the dollar towards the end of the month took away some of the sheens of the bullish move in the pair. We believe that in the upcoming month, we are likely to see the dollar continue its rebound and this is likely to weigh on the pound in the medium term. Unless the BOE tries to counter it by being hawkish and continuing its signalling for a rate hike later, we could see the pound continue to weaken through the month. May had also declared that the Brexit process is likely to take 2 more years and this has also been a setback for the pound bulls.”

EUR/USD: The pair closed the month at \$1.1814. According to FX Empire, “The EURUSD pair ended the month in the middle of its range which reflects the uncertainty among the traders in the pair. The month of September saw the Euro trade in a strong manner for the first couple of weeks, only to weaken towards the end of the month leading to some choppy action as the oversold dollar staged a rebound towards the end of the month. Looking ahead to the coming month, for those who believe in trading seasons and trading periods, we believe that October would be an apt time for the dollar to rebound.”

Int'l Currency Prices: September 1-30				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2951	1.3594	1.2931	1.3398
USD/CAD	1.2394	1.2477	1.2110	1.2472
EUR/USD	1.1860	1.2036	1.1745	1.1814
USD/JPY	110.25	112.84	107.84	112.51

USD/CAD: The CAD depreciated against the USD during the month of September by 0.6% to close at \$1.2472.

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

CARICOM:

Bahamas - According to the *Central Bank of the Bahamas*, “Indications are that domestic economic activity was mildly positive during the second quarter of 2017, as foreign investment projects and, to a lesser extent, public sector hurricane rebuilding activity, continued to support construction sector output. Tourism earnings were relatively weak, reflecting in part the ongoing constraints from the weather-related loss of significant hotel capacity in one major market a year earlier; although the phased opening of the Baha Mar resort—combined with hiring for one-off events—undergirded the improvement in employment conditions. Preliminary data suggests that inflation remained relatively benign over the review quarter, despite a slight uptick in domestic fuel costs. In fiscal sector developments, the Government’s overall deficit widened over the eleven months of FY2016/17, as the capital-spending led expansion in aggregate expenditure, outstripped the growth in overall revenue. The deficit was financed primarily from domestic entities, and comprised a mix of both long and short-term debt.”

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 outturn 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.