

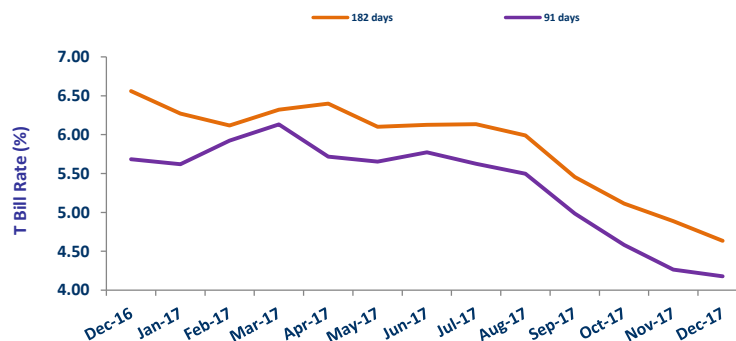


LOCAL ECONOMY

TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

Treasury Bills:

For the month of December, applications for treasury bills exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J\$1.2 billion in treasury bills, while applications totaled J\$1.76 billion and J\$ 2.45 billion for the 90-day and 180 –day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 4.176%, down 9 basis points compared to November, whilst the 182-day treasury bill auction resulted in the average yield of 4.64%, down 25 basis points relative to November's outturn. Notably, the average yields on the 91-day decreased by 151 basis points compared to the auctions in 2016 for the comparable period. The 182-day treasury bills also declined by 193 basis points relative to the corresponding auctions in 2016. (Refer to the graph on the right).



Producer Price Index:

The Producer Price Index (PPI) for the Mining and Quarrying industry decreased by 1.5% for the month of November 2017 according to the Statistical Institute of Jamaica (STATIN). This decline resulted mainly from a decrease in the two major groups within the industry; 'Bauxite Mining and Alumina Processing' down by 1.5% and 'Other Mining and Quarrying' declining by 0.3%. These decreases were due mainly to the appreciation of the Jamaican dollar against the United States Dollar.

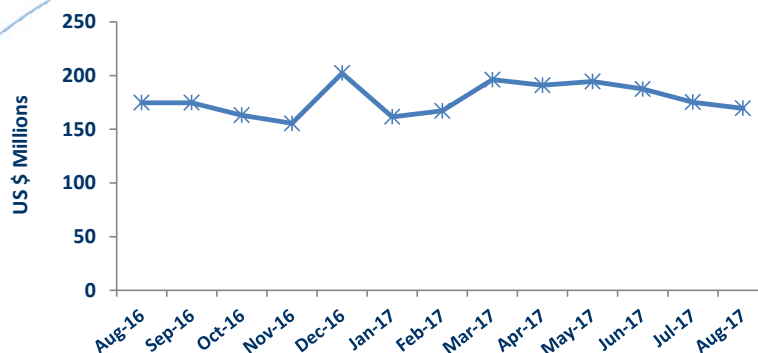
According to STATIN "the point-to-point movement for November 2016 to November 2017 recorded a 15.9% increase in the index for the Mining & Quarrying industry. The Manufacturing industry recorded an increase of 7.3% for the similar period; this movement was due mainly to increases in the major groups, 'Food, Beverages & Tobacco' and 'Refined Petroleum Products', which rose by 3.7% and 26.7% respectively"

"For the fiscal year-to-date, April 2017 to November 2017, the index for the Mining & Quarrying industry recorded an upward movement of 2.4% in its index. The Manufacturing industry also showed an increase of 3.9% in its index for the same period under review"

"For the fiscal year-to-date April 2017 to October 2017, the Mining & Quarrying industry recorded an upward movement of 3.9% in its index. The Manufacturing industry rose by 2.6% in its index for the same period under review."

Stopover Arrivals by Market Region					
Country	November 2017	Share %	November 2016	Share %	Change %
U.S.A.	114,618	61.3%	96,659	59.2%	18.6%
Canada	36,064	19.3%	32,046	19.6%	12.5%
Europe	27,881	14.9%	26,503	16.2%	5.2%
Latin America	2,320	1.2%	2,032	1.2%	14.2%
Caribbean	4,847	2.6%	4,772	2.9%	1.6%
Asia	799	0.4%	689	0.4%	16.0%
Others	533	0.3%	501	0.3%	6.4%
Total	187,062	100.0%	163,152	100.0%	14.7%

Net Remittance



TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in November 2017 amounted to 187,062 an increase of 14.7% when compared to 163,152 recorded in November 2016.

Stopover arrivals from the U.S. market increased by 18.6% in November 2017 with a total of 114,618 arrivals compared to 96,659 arrivals in November 2016.

The Canadian market recorded an increase in arrivals of 12.5% with arrivals amounting to 36,064 relative to 32,046 in November of last year.

The European market region recorded a increase in arrivals by 5.2% to 27,881 stopover arrivals in November 2017, relative to 26,503 recorded for November 2016.

Arrivals from Latin America recorded a growth of 14.2% with a total of 2,320 stopovers relative to November 2016. (see Tourist Arrivals table above)

REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for August 2017, showed, net remittances were US\$169.5 million, an decrease of US\$5.2 million relative to the corresponding month of 2016.

For the period January 2017 to August 2017, net transfers totalled US\$1,378.9 million, relative to US\$1,364.8 million for the corresponding period in 2016.

For August 2017, total inflows amounted to US\$191.6 million, while outflows totalled US\$22.1 million.



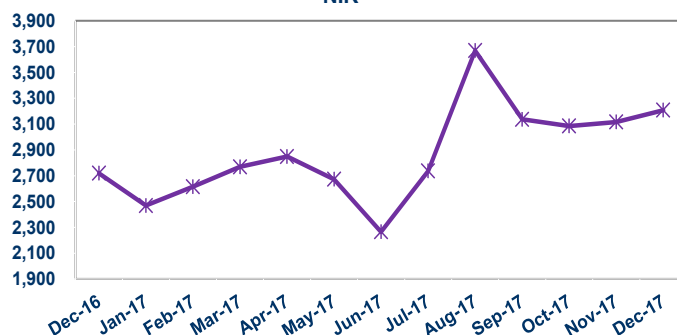
NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves totaled US\$3,208.29 million as at December 2017, reflecting an increase of US\$92.07 million relative to the US\$3,116.22 million reported as at the end of November 2017.

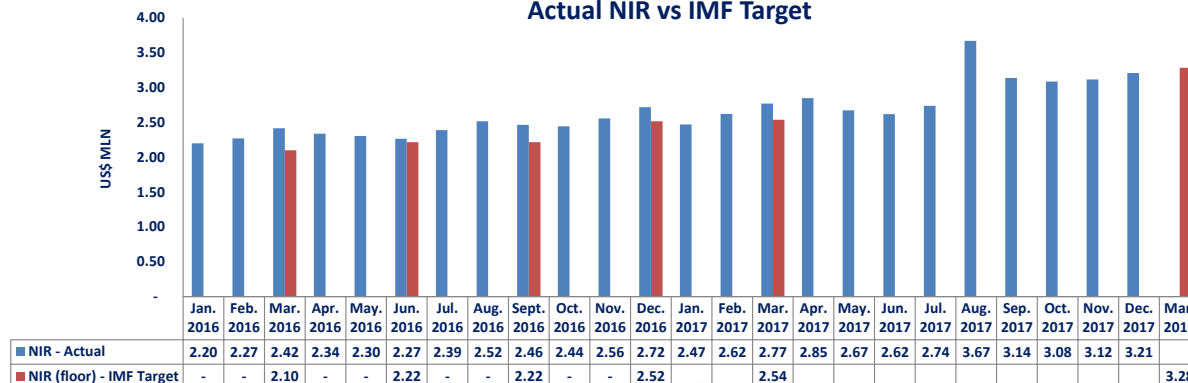
Changes in the NIR resulted from an increase in Foreign Assets of US\$95.57 million to total US\$3,781.17 million compared to the US\$3,685.59 million reported for November 2017. 'Currency & Deposits' contributed the most to the growth in Foreign Assets. This as 'Currency & Deposits' as at December 2017 totaled US\$3,201.80 million reflecting an increase of US\$86.76 million compared to US\$3,115.05 million booked as at November 2017. Securities amounted to US\$307.46 million; US\$7.15 million less than the US\$300.31 million reported in November 2017. Foreign Liabilities for December 2017 amounted to US\$572.88 million. Liabilities to the IMF accounted for 100% of total foreign liabilities totaling posting a US\$3.5 million increase month over month from November 2017.

At its current value, the NIR is US\$488.90 million more than its total of US\$2,719.37 million as at the end of December 2017. The current reserve is able to support approximately 40.14 weeks of goods imports or 23.25 weeks of goods and services imports.

NIR

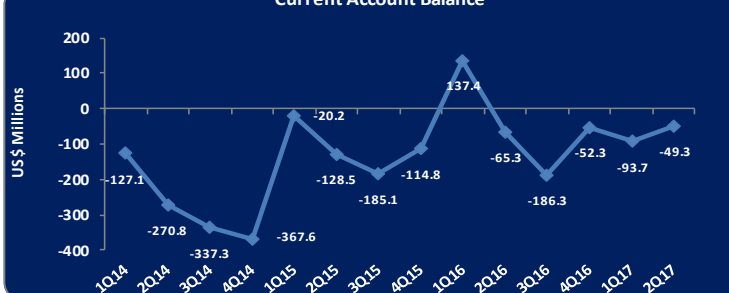


Actual NIR vs IMF Target



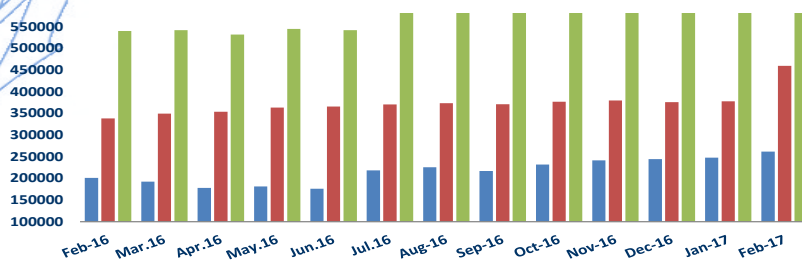
CURRENT ACCOUNT BALANCE

Current Account Balance



The latest data from the Bank of Jamaica shows the Current Account deficit for the period July 2017 to September 2017 amounted to a deficit of US\$49.3 million. This compared to the US\$65.3 million deficit booked for the second quarter of 2016.

MONEY SUPPLY



According to the latest data available from the Bank of Jamaica, 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.

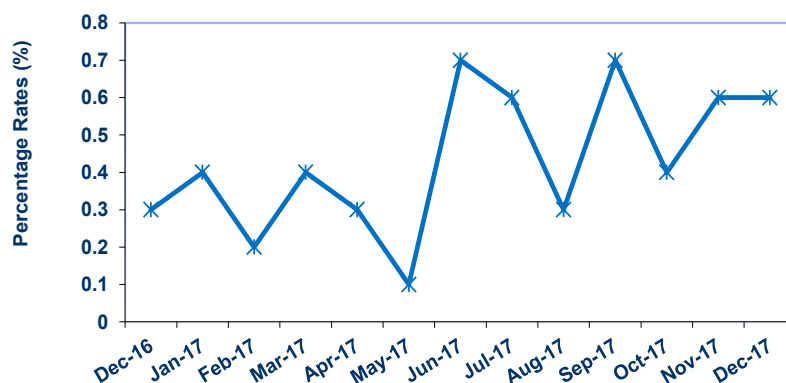
CONSUMER PRICE INDEX

The inflation rate for the month December 2017 inched up to 0.6%, following an upward movement of 0.6% in November 2017, bringing the 2017 calendar year inflation rate to 5.2%. According to The Statistical Institute of Jamaica (STATIN), this movement was attributed largely to the upward movement recorded in the index divisions 'Food and Non-Alcoholic Beverages' with a 0.8% growth, and 'Housing Water, Electricity, Gas and Other Fuels' with a 1.2% increase.

The index for the heaviest weighted division 'Housing, Water, Electricity, Gas and Other Fuels' advanced 1.2% as the division 'Electricity, Gas and Other Fuels' registered a growth of 2.5%. This increase was however tempered by a fall in the rates for water and sewage which contributed significantly to the group 'Water Supply and Miscellaneous Services Related to the Dwelling', declining by 1.4% for the period. The index for the other groups notably 'Rentals for Housing' rose by 0.3% while, 'Maintenance and Repair of Dwellings' moved upwards by 0.1%.

The Inflation rate year to date is 5.2%, while the point-to-point rate (December 2016 – December 2017) and fiscal year 2017/ 2018 was 5.2% and 4.2% respectively.

Monthly Inflation Rate from December 2016 to Decemner 2017



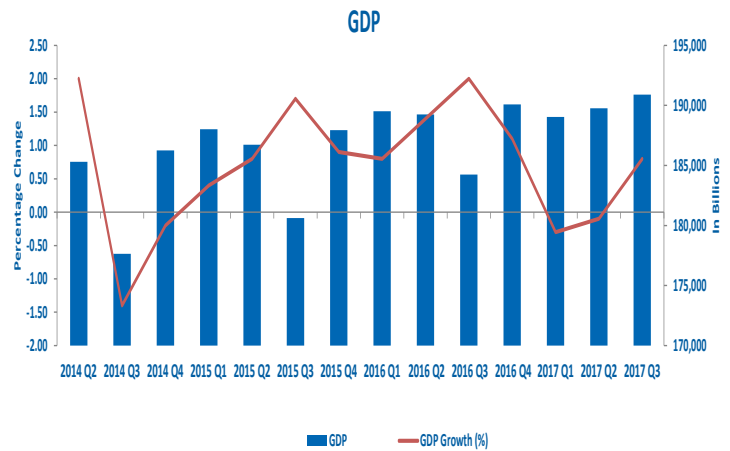


GROSS DOMESTIC PRODUCT

The latest data from the Statistical Institute of Jamaica indicates, “The Jamaican economy grew by 0.8% in the third quarter of 2017 when compared to the similar quarter of 2016”. This was due mainly to the improved performances in both the Services industries (1.0 %) and the Goods Producing industries (0.3%). All Services Industries recorded increased levels of output whilst the increase in the Goods Producing Industries was largely due to 2.3% increase in Manufacturing and a 1.2% increase in Construction.

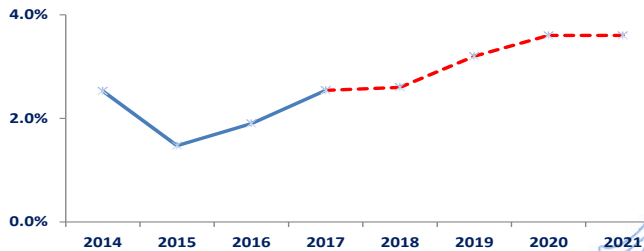
STATIN reports, “Value Added for the Agriculture, Forestry & Fishing industry declined by 0.8% in the review period when compared to the third quarter of the previous year. This was influenced mainly by unfavourable weather conditions as a result of heavy rainfall. Other Agricultural Crops which, includes Animal Farming, Forestry and Fishing declined by 2.3%. However, Traditional Export Crops grew by 8.6%.”

“The Electricity & Water Supply industry recorded an increase of 2.4% in real value added. Electricity consumption increased by 2.6%, moving to 853,869 MWh in 2017 from 832,006 MWh in 2016. Water production increased by 3.9% moving to 17,982.4 million gallons in 2017 from 17,311.0 million gallons in 2016. The increase in water production was due mainly to higher levels in rainfall in eastern parishes as well as the implementation of projects geared towards reducing leakages across the island.”



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)

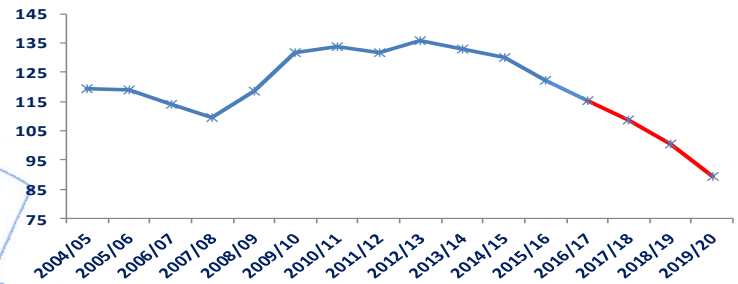


Total Expenditure for the period April to November 2017 amounted to \$353.24 billion, \$6.58 billion or 1.8% less than the budgeted \$359.82 billion. Recurrent expenditure which totalled \$326.69 billion, accounted for 92.5% of overall expenditures. Relative to projections, recurrent expenditure was \$4.75 billion (1.4%) less than budgeted. Of the recurrent expenditure categories over the review period, ‘Compensation of Employees’ came in below budget by \$5.13 billion, totalling \$125.20 billion relative to a budget of \$130.33 billion. ‘Employee Contribution’ which amounted to \$9.73 billion, was \$732.5 million more than projected, while ‘Wages and Salaries’ was below the projection by \$5.86 billion to total \$115.47 billion. ‘Interest’ closed the period under budget by 3.3%, amounting to \$87.03 billion, while ‘Programmes’ was over budget by 3.0% totalling \$114.46 billion (2016: \$99.49 billion). ‘Capital Expenditure’ amounted to \$26.55 billion for the period and was under budget by 6.4% relative to the budgeted \$28.38 billion.

As a result of the decrease in expenditures for the period April to November 2017, the ‘Fiscal Deficit’ was \$16.65 billion, relative to a projected deficit of \$36.27 billion. Additionally, the primary balance for the period amounted to \$70.38 billion, 30.9% more than budgeted.

DEBT TO GDP

Total Debt to GDP (%)



In order to meet the debt to GDP target set for fiscal year (FY) 2017/18, the government has targeted debt levels of \$2.027 trillion or 107.1% of GDP. Jamaica’s total public debt as at September 2017 amounted to \$2.004 trillion, a decrease from the \$2.069 trillion as at August 2017. Due to the improved GDP outlook for FY 2017/18, a higher nominal GDP has now been estimated and the nominal primary balance target has therefore moved from \$131,866 million to \$132,294 million which is equivalent to 7.0% of GDP. For the December quarter, a primary balance of \$59 billion is estimated. As at November 2017, this amounted to \$70.38 billion. Tax Revenue was expected to total an estimated \$328.0 billion by the end of the December quarter, as at November 2017, tax revenue was booked at \$308.62 billion.

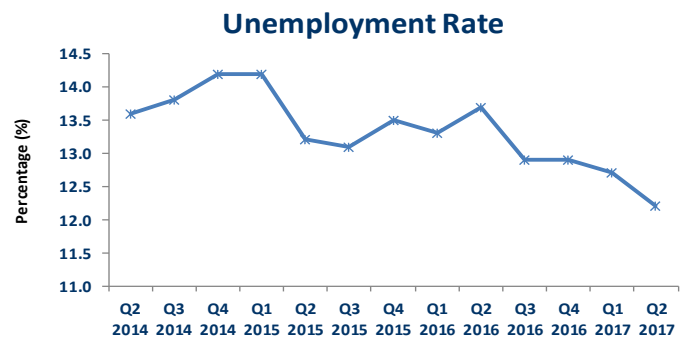
The public debt stock under the Government of Jamaica’s new public debt definition is expected to end FY 2017/18 at \$2,027.8156 mn or 107.1% of GDP. Debt to GDP at the end of the fiscal year 2016/17 was 115.2%.

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	11.3	11.3	

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	1,371,200	

In July 2017, Total Labour Force was 1,371,200 persons, an increase of 17,700 (0.6%) compared with 1,363,300 in July 2016. The male labour force increased by 3,300 (0.5%) to 735,900 in April 2017 and the female labour force increased by 4,700 (0.8%) to 635,300. There were 1,216,200 Employed persons in July 2017 representing an increase of 29,200 (2.5%) when compared with the 1,187,000, recorded in July 2016. For males, employment increased by 14,200 (2.1%) between July 2016 (663,100) and July 2017 (677,300) and for females an increased from 523,900 persons in July 2016 to 538,900 in July 2017. The Unemployment Rate for July 2017 was 11.3%, representing a decrease of 1.6% point when compared to the rate of 12.9% for July 2016. The unemployment rate for males decreased from 9.5% to 8.0% and the unemployment rate for females decreased from 16.9% to 15.2%.

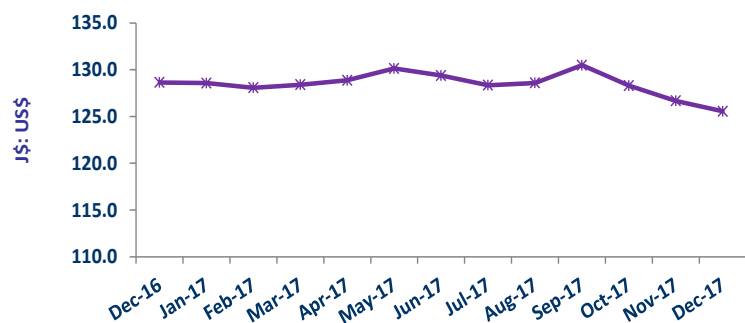




LOCAL FOREX

The Jamaican dollar appreciated against the USD for the month of December 2017. The JMD appreciated by \$1.12 in December, to close the month at an average of 125.55 relative to the \$126.67 recorded in November 2017. Year over year, the JMD has appreciated by approximately \$3.09 or 2.40% relative to the \$128.64 reported as at December 2016.

Exchange Rate Movements



OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
8-Dec-17	28 Days	4.00%	N/A	Fixed	5-Jan-18
15-Dec-17	28 Days	4.00%	N/A	Fixed	12-Jan-18
22-Dec-17	28 Days	4.00%	N/A	Fixed	19-Jan-18
29-Dec-17	28 Days	4.00%	N/A	Fixed	26-Jan-18
27-Dec-17	14 Days	4.61%	N/A	Fixed	9-Jan-18

INTERNATIONAL ECONOMY

United States: According to the *U.S. Bureau of Labour Statistics*, "the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1 percent in December on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index rose 2.1 percent before seasonal adjustment.. An increase of 0.4 percent in the shelter index accounted for almost 80 percent of the 1-month all items increase. The food index rose in December, with the indexes for food at home and food away from home both increasing. The energy index, which rose sharply in November, declined in December as the gasoline index decreased. The index for all items less food and energy increased 0.3 percent in December, its largest increase since January 2017. Along with the shelter index, the indexes for medical care, used cars and trucks, new vehicles, and motor vehicle insurance were among those that increased in December. The indexes for apparel, airline fares, and tobacco all declined over the month. The all items index rose 2.1 percent for the 12 months ending December, compared to 2.2 percent for the 12 months ending November. The index for all items less food and energy increased 1.8 percent over the last year; the 12-month change has now been either 1.7 or 1.8 percent for eight consecutive months. The food index rose 1.6 percent over the past year; the index for energy increased 6.9 percent, with all of its major component indexes rising during 2017."

EURO Zone: According to the *European Union's statistics office*, "Euro area annual inflation was 1.4% in December 2017, down from 1.5% in November. In December 2016, the rate was 1.1%. European Union annual inflation was 1.7% in December 2017, down from 1.8% in November. A year earlier the rate was 1.2%. The lowest annual rates were registered in Cyprus (-0.4%), Ireland and Finland (both 0.5%) and Denmark (0.8%). The highest annual rates were recorded in Lithuania and Estonia (both 3.8%) and the United Kingdom (3.0%). Compared with November 2017, annual inflation fell in twenty-three Member States, remained stable in four and rose in one. The largest upward impacts to the euro area annual inflation came from fuels for transport (+0.11 percentage points), tobacco (+0.06 pp) and milk, cheese & eggs (+0.05 pp), while telecommunication (-0.10 pp), garments and vegetables (-0.05 pp each) had the biggest downward impacts"

Commodity: According to the *World Bank*, "Energy commodity prices rose 2.1% in December, while non-energy prices rose 0.4%. Food prices fell 0.9%, while beverages fell 5.2%. Metals prices were mixed. Fertilizers registered the biggest decline, falling 3.0%."

INTERNATIONAL FOREX

GBP/USD: The pair closed at **\$1.3513**. According to FX Empire, "the pair spent most of the month of December in a tight range. The Brexit process continued to twist and turn but the fact that the Phase 1 of the talks has been concluded helped the leaders to look forward to Phase 2, where they are likely to discuss about the trade access that would be given to the UK. This is expected to be the most crucial part of the talks as the UK needs the trade access to the Eurozone to ensure that its economy is not crippled. Looking ahead to the coming month of January, the first couple of weeks would be crucial to determine the short term trend for the pair. The dollar has been on the back foot to close the previous month but the data from the US would determine whether this trend would continue. The move higher towards the 1.35 region and beyond has happened on a low volume and it remains to be seen whether this would continue in the coming weeks."

EUR/USD: The pair closed the month at **\$1.2005** According to FX Empire, "it was expected to be a slow month in December as it was the last month of the year and the traders were looking forward to a couple of weeks of rest during the end of the month so that they could go on a holiday when the markets were at the quietest. There was also not much to look forward to by way of news or fundamental events though all the central banks would get a turn every month to be the center of focus for a few days when they make their rate announcement followed by the press conference. But the rate decision from the Fed was already known and even the speech from Yellen was not looked forward to in a great way even though it was the last speech from her before she would be replaced by the new incoming chief Powell. "In the absence of too much of liquidity, the bulls in this pair used this opportunity to push the pair higher and from the 1.18 region, we saw the pair make slow and steady progress during the last couple of weeks through the 1.19 region and finally through the 1.20 region and it ended the month and the year near the highs of its range and this helped the bulls to look forward to the month of January."

Int'l Currency Prices: December 1-30				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3477	1.3513	1.3318	1.3513
USD/CAD	1.2685	1.2878	1.2570	1.2571
EUR/USD	1.1896	1.2005	1.1742	1.2005
USD/JPY	112.17	113.56	112.17	112.69

USD/CAD: The CAD depreciated against the USD during the month of December by 0.9% to close at \$1.2571

The Bank of Jamaica issued three four Certificates of Deposits and one Repurchase Operations during the month of December 2017.

CARICOM:

Belize - According to the *Central Bank in Belize*, "Over the first ten months of the year, the broad measure of money supply contracted by 2.7%, reflecting reductions of \$28.2 million in net foreign assets and \$74.4 million in net domestic credit of the banking system. During the first half of the 2017/2018 fiscal year (April to September), Central Government's revenue and grants fell by 2.2% to \$544.8mn, while its expenditures declined by 3.7% to \$555.2 million. Total public sector debt rose by 8.4% to \$3,419.3mn and stood at 93.9% of GDP at the end of October". The Consumer Price Index (CPI) inched upward by 0.2% in October, compared to September, and averaged 1.2% year-on-year for January through October.

Bahamas- According to the *Central Bank in Barbados*, "The Bahamian economy improved modestly during the month of November in comparison to 2016, as increased visitor arrivals and a boost in hotel capacity, contributed to gains in tourism output. In addition, construction sector output continued to be supported by varied-scale foreign investment projects. Monetary developments were dominated by the receipt of proceeds from the Government's external bond issue, which boosted liquidity and external reserves." "Preliminary indicators suggest that the tourism sector improved in November, as data from the Nassau Airport Development Company (NAD) showed a 4.9% increase in international departures during the review month, as opposed to 2016's 0.9% softening." "The Ministry of Tourism, showed that total arrivals to The Bahamas expanded by 30.2% during October, vis-à-vis a 10.8% falloff in the prior year, when Hurricane Matthew impacted key destinations in the country."