

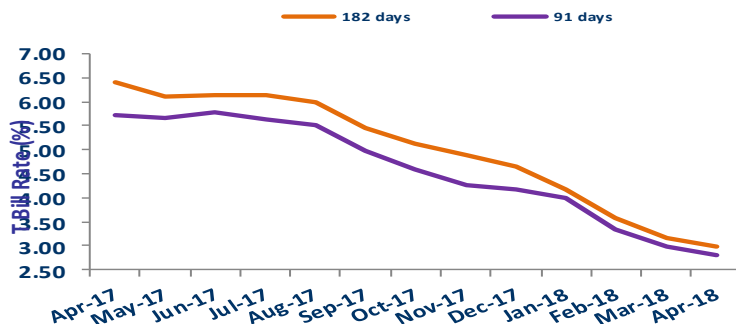


## LOCAL ECONOMY

### TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

#### Treasury Bills:

For the month of April, applications for treasury bills exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J\$1.4 billion in treasury bills, while applications totaled J\$2.56 billion and J\$2.92 billion for the 90-day and 180 –day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 2.818%, down 16 basis points compared to March, whilst the 182-day treasury bill auction resulted in the average yield of 2.979%, down 19 basis points relative to March's outturn. Notably, the average yields on the 91-day decreased by 290 basis points compared to the auctions in 2017 for the comparable period. The 182-day treasury bills also declined by 342 basis points relative to the corresponding auctions in 2017. (Refer to the graph on the right).



#### Producer Price Index:

The Producer Price Index (PPI) for the Mining and Quarrying industry increased by 1.3% for the month of March 2018 according to the Statistical Institute of Jamaica (STATIN). This upward movement resulted mainly from an increase in the major groups 'Bauxite Mining and Alumina Processing' and 'Other Mining and Quarrying' by 1.3% and 0.3% respectively. The Manufacturing industry registered a decline of 0.3% for the period under review. The main contributor to this movement was the 'Refined Petroleum Products' major group which fell by 2.0%. There was however negligibly movement in the 'Food, Beverages & Tobacco' major group.

According to STATIN "The point-to-point movement for March 2017 to March 2018 recorded a decline of 5.3% in the index for the Mining & Quarrying industry. This movement was influenced mainly by the 'Bauxite Mining and Alumina Processing' major group which fell by 5.8%. The Manufacturing industry recorded an increase of 5.9% for the similar period. This movement was due mainly to increases in the index for the major groups, 'Refined Petroleum Products', 22.2%, and 'Food, Beverages & Tobacco' which rose by 2.6%."

"For the fiscal year-to-date April 2017 to March 2018, the index for the Mining & Quarrying industry recorded a decline of 8.1%, while the Manufacturing industry rose by 4.3% in its index for the same period under review."

### TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in March 2018 amounted to 236,818 an increase of 11.4% when compared to 212,600 recorded in March 2017.

Stopover arrivals from the U.S. market increased by 16.4% in March 2018 with a total of 153,484 arrivals compared to 131,844 arrivals in March 2017.

The Canadian market recorded a decline in arrivals of 0.9% with arrivals amounting to 43,839 relative to 44,256 in March of last year.

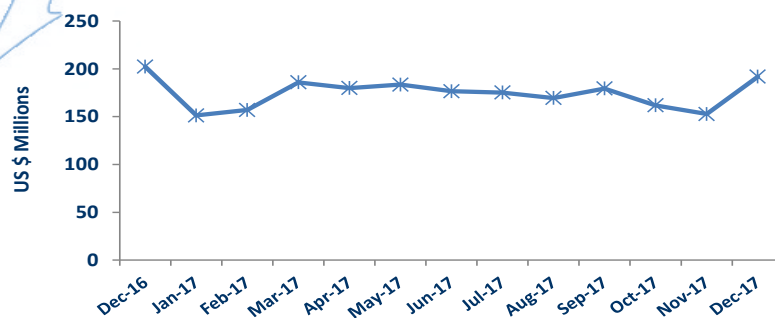
The European market region recorded an increase in arrivals by 2.2% to total 29,084 stopover arrivals in March 2018, relative to 28,451 recorded for March 2017.

Arrivals from Latin America recorded a growth of 21.2% with a total of 2,811 stopovers relative to 2,319 recorded in March 2017. (see Tourist Arrivals table above)

#### Stopover Arrivals by Market Region

Country	March 2018	Share %	March 2017	Share %	Change %
U.S.A.	153,484	64.8%	131,844	62.0%	16.4%
Canada	43,839	18.5%	44,256	20.8%	-0.9%
Europe	29,084	12.3%	28,451	13.4%	2.2%
Latin America	2,811	1.2%	2,319	1.1%	21.2%
Caribbean	6,342	2.7%	4,338	2.0%	46.2%
Asia	747	0.3%	935	0.4%	-20.1%
Others	511	0.2%	457	0.2%	11.8%
Total	236,818	100.0%	212,600	100.0%	11.4%

#### Net Remittance



### REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for December 2017, showed, net remittances were US\$191.8 million, a decrease of US\$10.4 million relative to US\$202.2 reported for the corresponding month of 2016.

For the period January 2017 to December 2017, net transfers totalled US\$2,305.2 million, relative to US\$2,291.5 million for the corresponding period in 2016.

For December 2017, total inflows amounted to US\$218.2 million, while outflows totalled US\$26.4 million.

The largest source market of remittances to the island in December was USA with a share of 63.7%. The remaining remittances during the abovementioned month came from UK (12.7%) followed by Canada (11.3%) and Cayman Islands (6.3%).



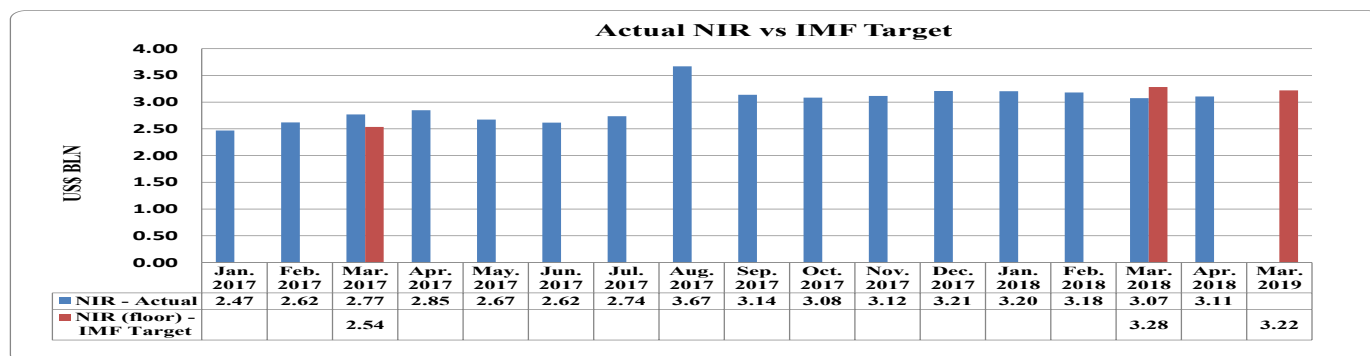
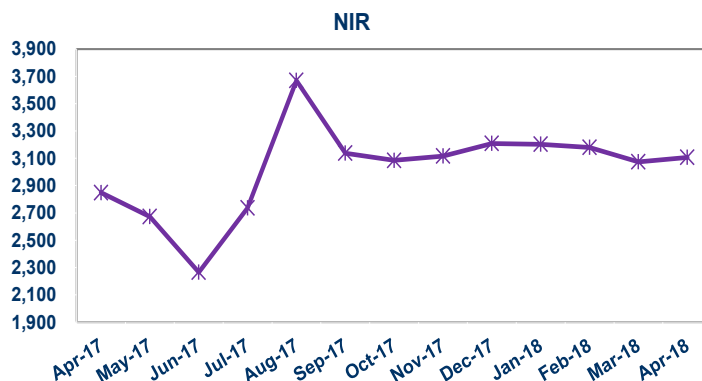
## NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totaled US\$3,106.57 million as at April 2018, reflecting an increase of US\$32.00 million relative to the US\$3,074.57 million reported as at the end of March 2018 (see figure 1).

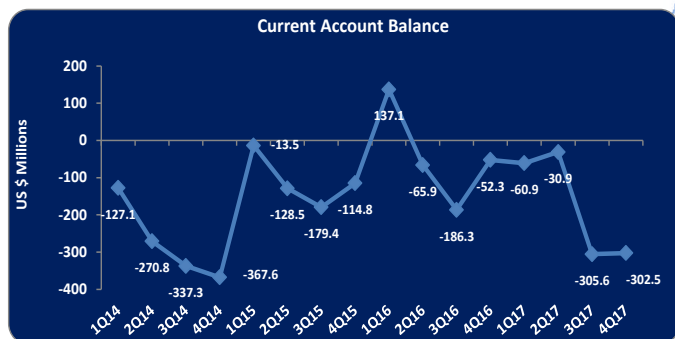
Changes in the NIR resulted from an increase in Foreign Assets of US\$25.75 million to total US\$3,682.66 million compared to the US\$3,656.91 million reported for March 2018. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at April 2018 totaled US\$3,088.21 million reflecting an increase of US\$27.97 million compared to US\$3,060.24 million booked as at March 2018.

'Securities' amounted to US\$323.57 million; US\$0.71 million more than the US\$322.86 million reported in March 2018. Foreign Liabilities for April 2018 amounted to US\$576.09 million compared to the US\$582.35 million reported for March 2018. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$6.25 million decline month over month from March 2018.

At its current value, the NIR is US\$257.70 million more than its total of US\$2,848.87 million as at the end of April 2017. The current reserve is able to support approximately 36.08 weeks of goods imports or 21.44 weeks of goods and services imports.



## CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account deficit for the December 2017 quarter amounted to a deficit of US\$302.5 million. This compared to the US\$305.6 million deficit booked for the third quarter of 2017.

## CONSUMER PRICE INDEX

The consumer price index for the month of April 2018 declined for the third consecutive month, resulting in an inflation rate of -0.4%, according to The Statistical Institute of Jamaica (STATIN). The Consumer Price Index for the month moved to 247.0 relative to the 248.1 reported for March 2018. This decline was largely attributed to the movement in the index for the division 'Housing, Water, Electricity, Gas and Other Fuels' which declined by 4.3%. Inflation within the Greater Kingston Metropolitan Area, Other Urban Centres and Rural Areas all registered negative movements in their index, declining by 0.3%, 0.4% and 0.5% respectively.

The movement in the division 'Housing, Water, Electricity, Gas and Other Fuels' was as a result of the 8.0% decline in the group 'Electricity' (primarily due to reduction in the rates for electricity) and a 0.7% increase in the group 'Water Supply and Miscellaneous Services Related to the Dwelling'. Lastly, the index for the other group 'Rentals for Housing' recorded a 0.1% increase, while 'Maintenance and Repair of Dwellings' recorded a negligible movement.

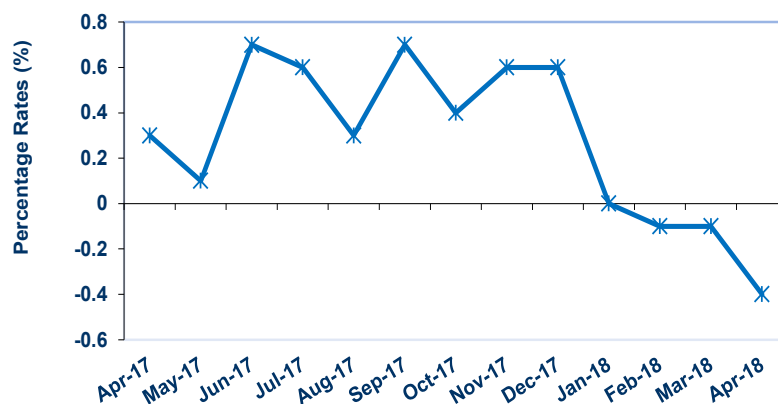
The Inflation rate year to date is -0.7%, while the point-to-point rate (April 2017 – April 2018) and fiscal year 2018/2019 was 3.2% and -0.4% respectively.

## MONEY SUPPLY

Components of Money Supply (M2)			
Percentage Change (%)	Feb-17	Dec-17	Feb-18
Total Money Supply (M2*)	25.6	22.9	11.5
Money Supply (M2J)	23.6	29.1	18.5
Money Supply (M1J)	12.6	12.6	18.7
Currency with the public	11	9.2	10.3
Demand Deposits	13.8	15.7	16.6
Quasi Money	9.6	46.6	18.4
Savings Deposits	29.4	40.1	18.7
Time Deposits	53.1	75	17.2
Foreign Currency Deposits	28.6	13.3	1.5

According to the latest data available from the Bank of Jamaica's quarterly report, "The measure of broad money supply that includes foreign currency deposits (M2\*) recorded annual growth at February 2018 of 11.5%, a moderation relative to 25.6% in the previous year. The primary source of this deceleration was a decline in the rate of increase in foreign currency deposits to 1.5% from 25.6% a year earlier. Resulting from the slower growth in foreign currency deposits, coupled with a faster pace of growth in total deposits, the deposit dollarization ratio for commercial banks, trended downwards to 42.2% as at February 2018 from 46.4% as at February 2017."

### Monthly Inflation Rate from April 2017 to April 2018



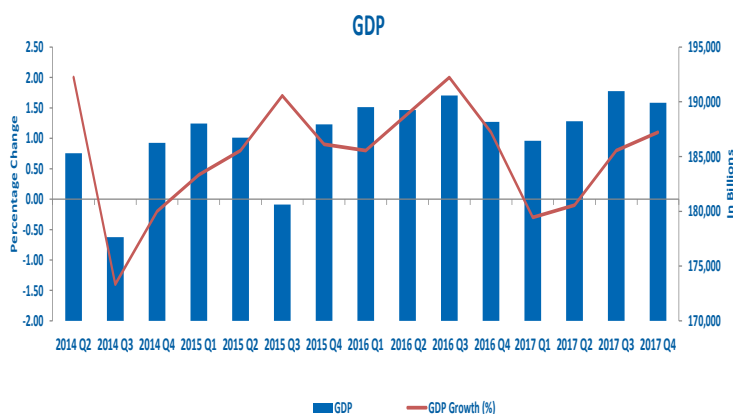


## GROSS DOMESTIC PRODUCT

The latest data from the Statistical Institute of Jamaica indicates, “The Jamaican economy grew by 1.1% in the fourth quarter of 2017 when compared to the similar quarter of 2016”. This was due mainly to the improved performances in both the Services industries (1.1 %) and the Goods Producing industries (1.2%). All Services Industries recorded increased levels of output whilst the increase in the Goods Producing Industries was largely due to a 14.7% increase in Mining & Quarrying, 0.3% in Manufacturing and a 0.7% increase in Construction.

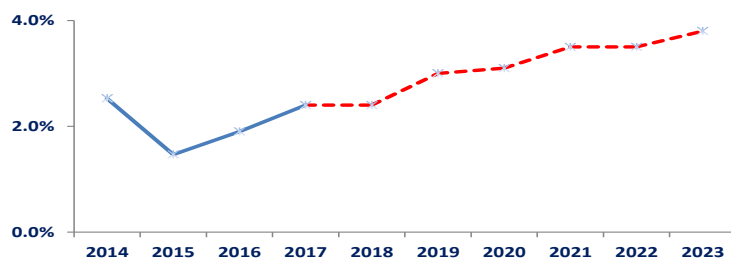
STATIN reports, “Value Added for the Agriculture, Forestry & Fishing industry declined by 1.1% in the review period when compared to the fourth quarter of the previous year. This was influenced mainly by unfavourable weather conditions as a result of heavy rainfall. Other Agricultural Crops which, includes Animal Farming, Forestry and Fishing declined by 3.1%. However, Traditional Export Crops grew by 10.7%.”

“The Electricity & Water Supply industry recorded an increase of 0.4% in real value added. Electricity consumption increased by 0.2%, moving to 802,235 MWh in 2017 from 800,652 MWh in 2016. Water production increased by 1.4% moving to 17,992.1 million gallons in 2017 from 17,748.0 million gallons in 2016. The increase in water production was due mainly to higher levels in rainfall during the quarter.”



## CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



Total Expenditure for the period April to March 2018 amounted to \$552.20 billion, \$7.71 billion 1.4% less than the budgeted \$559.91 billion. Recurrent expenditure which totalled \$505.24 billion, accounted for 91.50% of overall expenditures. Relative to projections, recurrent expenditure was \$4.56 billion (0.9%) less than budgeted. Of the recurrent expenditure categories over the review period, all categories with the exception of ‘Employee Contribution’ came in below budget. ‘Programmes’ which amounted to \$176.78 billion was \$993.8 million or 0.6% less than projected, ‘Compensation of Employees’ which amounted to \$193.28 billion was \$1.19 billion or 0.6% less than projected, while ‘Wages & Salaries’ amounted to \$178.37 billion and was \$2.28 billion or 1.3% less than projected. ‘Employee Contribution’ which amounted to \$14.92 billion for the period was over budget by 7.9% relative to the budgeted \$13.82 billion.

As a result of the increase in Revenue & Grants for the period April to March 2018, the ‘Fiscal Surplus’ was \$8.63 billion, relative to a projected deficit of \$6.35 billion. Additionally, the primary balance for the period amounted to \$143.81 billion, 9.6% more than budgeted.

Notably, The FY2018/19 Budget tabled in Parliament includes a significant increase in capital expenditure by central government from 2.4% of GDP in FY2017/18 to 3.0% of GDP in FY2018/19, in keeping with the growth and national security objectives of GOJ.

## LABOUR FORCE

Unemployment Rate (%)	January Q1	April Q2	July Q3	October Q4
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	10.4
2018	9.6			

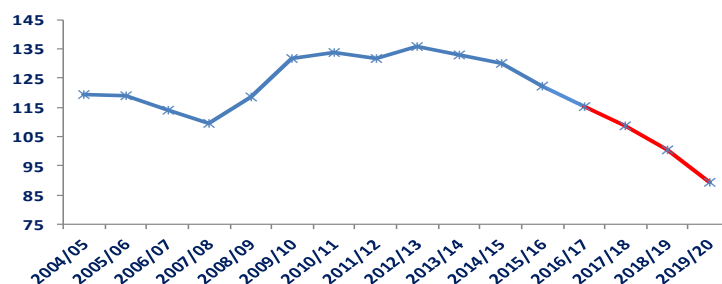
  

Labour force	January Q1	April Q2	July Q3	October Q4
2015	1,320,800	1,300,400	1,320,500	1,325,200
2016	1,342,000	1,353,500	1,363,300	1,355,500
2017	1,358,300	1,371,600	1,371,200	1,347,600
2018	1,335,100			

The Labour Force at January 2018, was 1,335,100 representing a decrease of 23,200 (1.71%) compared to 1,358,300 in January 2017. The male labour force decreased by 9,600 (1.3%) from 727,600 in January 2017 to 718,000 in January 2018. A larger decline however occurred in the female labour force by 11,600 (1.9%) from 628,700 in January 2017 to 617,100 in January 2018. The number of persons employed in January 2018 was 1,206,600 which was 22,600 (1.9%) more than the 1,184,000 recorded in January 2017. For males, employment increased by 1,900 (0.3%) over the twelve month period to 664,200 in January 2018 while female employment increased by 20,700 (4.0%) to 542,400. In January 2018, unemployment rate was 9.6%. The unemployment rate for youth continued to decline during the review period. The unemployment rate for youth 14-24 years was 23.8% in January 2018, representing a decrease of 7.4 percentage points, when compared to the rate of 31.2% in January 2017.

## DEBT TO GDP

Total Debt to GDP (%)

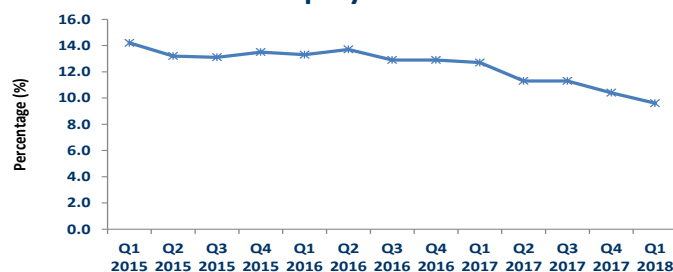


Public Debt to GDP is expected to close the fiscal year 2017/18 with a ratio of 105%, below the targeted debt levels of 111% of GDP, stated Minister Shaw in his Opening Budget Debate Presentation. Debt to GDP at the end of the FY2016/17 was 115.2%. Jamaica’s total public debt closed the fiscal year, March 2018, at \$1.94 trillion, a decrease from the \$1.96 trillion as at February 2018. For the FY2018/19 and FY2019/20, Debt-to GDP is forecasted at 102% and 90% respectively, as the Government aims to bring the public debt to GDP down to 60% by FY 2025/26, Minister Shaw remarks after IMF 3rd Review

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 \$132 billion by the end of the 2017/2018 fiscal year. As at the end of March 2018, this amounted to \$143.81 billion which indicated that the government surpassed its target. Tax Revenue was expected to total an estimated \$478 billion by the end of the March quarter. The reported tax revenue for the quarter was \$496.89 billion, \$18.6 billion above target.

As Jamaica aims to maintain fiscal discipline and macroeconomic stability, the Government forecast a real GDP growth of 2.4% for FY2018/19 (slightly above IMF’s target of 1.7%) where the budget is estimated to generate a primary surplus of \$141.1 billion, still in line with the 7.0% of GDP programme target and includes no new revenue measures.

Unemployment Rate



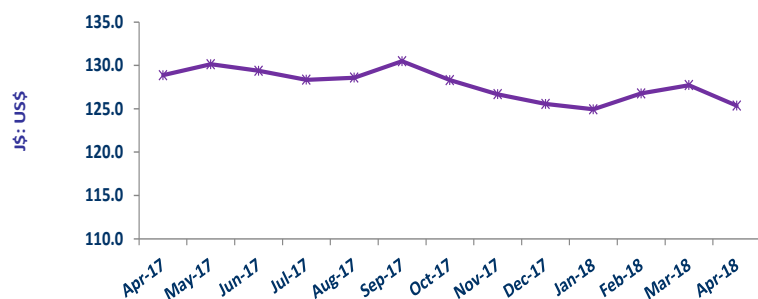




## LOCAL FOREX

The Jamaican dollar appreciated against the USD for the month of April 2018. The JMD appreciated by \$2.37 in April, to close the month at an average of \$125.35 relative to the \$127.72 recorded in March 2018. Year over year, the JMD has appreciated by approximately \$3.52 or 2.73% relative to the \$128.87 reported as at April 2017.

Exchange Rate Movements



## OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/Maturity Date
06-Apr-18	28 Days	3.50%	N/A	Fixed	04-May-18
13-Apr-18	28 Days	3.50%	N/A	Fixed	11-May-18
20-Apr-18	28 Days	3.50%	N/A	Fixed	18-May-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 0.2% in April on a seasonally adjusted basis after falling 0.1% in March. Over the last 12 months, the all items index rose 2.5% before seasonal adjustment. The indexes for gasoline and shelter were the largest factors in the seasonally adjusted increase in the all items index, although the food index increased as well. The gasoline index increased 3.0%, more than offsetting declines in other energy component indexes and led to a 1.4-percent rise in the energy index. The food index rose 0.3%, with the food at home index rising 0.3% and the index for food away from home increasing 0.2%. The index for all items less food and energy rose 0.1% in April. The shelter index rose 0.3%, with other indexes mixed. The indexes for household furnishings and operations, personal care, tobacco, medical care, and apparel all increased in April, while those for used cars and trucks, new vehicles, recreation, and airline fares all declined. The all items index rose 2.5% for the 12 months ending April; this figure has been mostly trending upward since it was 1.6% for the period ending June 2017. The index for all items less food and energy rose 2.1% for the 12 months ending April. The food index increased 1.4%, and the energy index rose 7.9%."

**EURO Zone:** According to the *European Union's statistics office*, "The Euro area annual inflation was 1.2 % in April 2018, down from 1.3 % in March 2018. Looking at the main components of euro area inflation, energy had the highest annual rate in April (2.6 %, compared with 2.0 % in March), followed by food, alcohol & tobacco (2.4 %, compared with 2.1 % in March), services (1.0 %, compared with 1.5 % in March), and non-energy industrial goods (0.3 %, compared with 0.2 % in March). Each of the main components contributes in varying degree to the headline inflation in the euro area. In terms of weights for 2018, set at 1000 for the all-items HICP, services the largest component, accounting for around 44.4 % of individual consumption expenditure in the euro area. It is followed by non-energy industrial goods with around 26.3 %. Food, alcohol & tobacco and energy account for 19.6 % and 9.7 %, respectively. Together, they comprise less than one third of euro area expenditure, but they can have significant impacts on the headline inflation as their levels tend to fluctuate significantly more than the other components."

**Commodity:** According to the *World Bank*, "Commodity prices rose in April, led by energy, which surged 8.2%. Non-energy prices rose 1.8%. Grains rose 5.1%, metals and minerals, 2.3% and beverages 2.4%. Precious metals inched up 0.7%, while fertilizers fell 0.7%."

## INTERNATIONAL FOREX

**GBP/USD:** The pair closed at **\$1.4015**. According to FX Empire, "The GBPUSD pair fell hard during the course of last week in April as the incoming data from the UK continued to be weak and this is likely to make the BOE go on the backfoot and put off its plans for a rate hike over the next few months. This was a disappointment for the bulls and they showed it by selling off the pound which has led to its drop. Looking ahead to the coming week, we have the preliminary GDP data from the UK and the GDP data from the US as well and this is likely to bring in some volatility. On the other hand, the pair now rests in a strong support region of 1.40. We have mentioned in many of our forecasts that this is the line in the sand for the bulls and the bears. If the pair manages to stay above this, the bulls continue to be in control and this fall would only be viewed as a correction. But if the pair does move lower, then we are likely to see the bears regain control and this would mean that the pair could then move towards the 1.38 region in due course of time."

**EUR/USD:** The pair closed the month at **\$1.2324**. According to FX Empire, "The EURUSD had a tough month of April as the dollar spread its wings finally and managed to soar higher all through the markets during the past month. The dollar had been expected to emerge stronger over the last few months but that did not happen for quite sometime and it was only last month that the dollar began to show its true colors and moved higher all across the markets. This has pushed the euro on to a bearish phase and by the looks of it, this seems to be only the beginning of the trend." "Looking ahead to the coming month of May, we are likely to see the euro continue its weakness. The data from the US during the early part of the month is likely to set the tone for the rest of the month. Based on that, we believe that the dollar would continue to trade in a strong manner as we expect the NFP employment report to come in a strong manner. Of course, that would not be enough to push the Fed into an accelerated path of rate hikes but that would provide some more backing for the dollar bulls which should keep them pushing higher."

Int'l Currency Prices:		April 1-30			
Currency Pair	Open	High	Low	Close	
GBP/USD	1.4044	1.4339	1.3763	1.3763	
USD/CAD	1.2913	1.2913	1.2551	1.2843	
EUR/USD	1.2302	1.2380	1.2078	1.2078	
USD/JPY	105.89	109.43	105.89	109.34	

**USD/CAD:** The CAD depreciated against the USD during the month of April by 0.54% to close at

The Bank of Jamaica issued three Certificates of Deposits during the month of April 2018.

## CARICOM:

**Bahamas -** According to *The Department of Statistics of Bahamas*, "The preliminary 2017 results revealed an increase of 2.7% in GDP at Current Market Prices and at Constant 2012 Prices a real growth of 1.4%. The main industries contributing to this growth in GDP included: Construction, Wholesale & Retail Trade, Business Services of a Professional nature, Administrative Business Services and Arts & Other Services. The Expenditure Approach to GDP revealed that Gross Fixed Capital Formation also grew by 13%, due mainly to on-going capital works, as well as a continuation of major repairs to infrastructure that were required after Hurricane Matthew. Additionally, Government consumption increased by 12% while consumption by Households, grew by 9%. The Imports of Goods and Services sector, which has a dampening effect on GDP growth, increased by 14%, which was due mainly to a 17% growth in Imported Goods."

**Barbados-** According to *Central Bank of Barbados*, "The Barbados economy is estimated to have contracted by 0.7% during the first quarter of 2018. This performance reflects the combined impact of a decline in real output in the tourism sector, the slowing of construction activity, the late start to the annual sugar harvest and the slowdown of domestic demand arising from the budgetary measures announced in the May 2017 Budget. The supply of foreign exchange was more than adequate to meet market demand on a timely basis during the quarter, thus enabling foreign exchange dealers to sell some of their surpluses to the Central Bank. However, higher public sector debt service obligations than usual contained the growth of international reserves at the Central Bank to \$14 million for the period. Government's fiscal consolidation efforts during FY 2017-2018 led to a modest improvement in the primary balance and an overall reduction in the fiscal deficit from the previous year, but there was a significant deviation from the targeted outcome. Real value-added in the tourism sector is estimated to have declined by approximately 1% compared to the 4.5% expansion in the corresponding period of 2017."