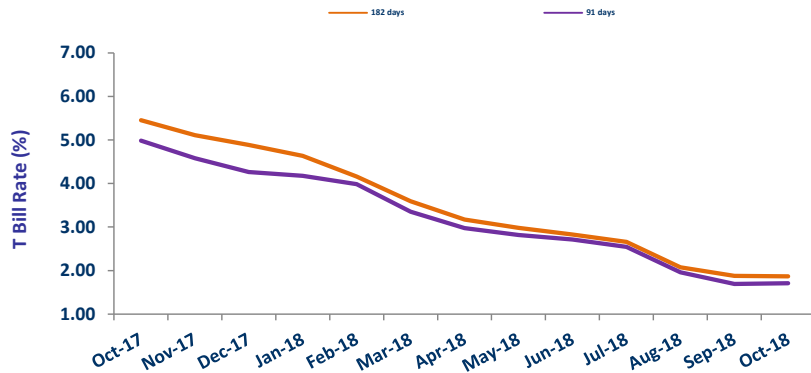


LOCAL ECONOMY

TREASURY BILL OUTFURN & PRODUCER PRICE INDEX

Treasury Bills:

For the month of October, applications for treasury bills exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J\$2.1 billion in treasury bills, while applications totaled J\$1.72 billion and J\$2.57 billion for the 90-day and 180 –day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 1.79%, up 8 basis points compared to September, whilst the 182-day treasury bill auction resulted in the average yield of 1.95%, up 9 basis points relative to September’s outturn. Notably, the average yields on the 91-day decreased by 280 basis points compared to the auctions in 2017 for the comparable period. The 182-day treasury bills also declined by 316 basis points relative to the corresponding auctions in 2017.(Refer to the graph on the right).



Producer Price Index:

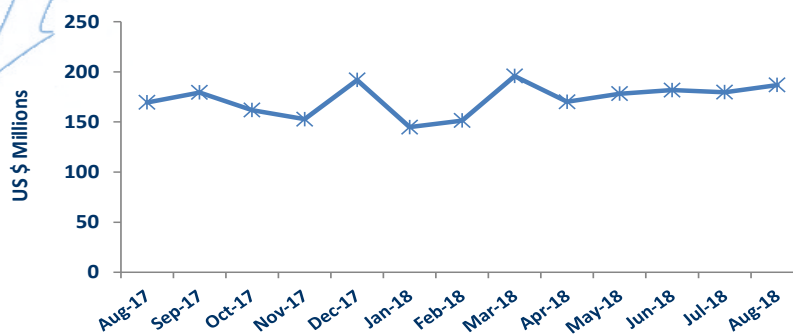
The Producer Price Index (PPI) for the Mining and Quarrying industry increased by 3.3% for the month of September 2018 according to the Statistical Institute of Jamaica (STATIN). This upward movement resulted mainly from an increase in the major group ‘Bauxite Mining and Alumina Processing’ by 3.4%.The Manufacturing industry also registered an increase of 1.6% for the period under review. The main contributor to this movement was the upward movements in the indexes for the major groups ‘Refined Petroleum Products’ and ‘Food, Beverages & Tobacco’ by 3.0% and 1.8% respectively.

Country	September 2018	Share %	September 2017	Share %	Change %
	U.S.A.	86,062	63.8%	77,566	59.0%
Canada	18,559	13.8%	22,269	16.9%	-16.7%
Europe	22,156	16.4%	23,919	18.2%	-7.4%
Latin America	2,372	1.8%	2,203	1.7%	7.7%
Caribbean	4,809	3.6%	4,443	3.4%	8.2%
Asia	589	0.4%	606	0.5%	-2.8%
Others	363	0.3%	410	0.3%	-11.5%
Total	134,910	100.0%	131,416	100.0%	2.7%

According to STATIN, “There was a 2.1 per cent decline in the point-to-point movement in the index for the Mining & Quarrying industry for September 2017 to September 2018. The Manufacturing industry advanced by 8.4% in its index for the review period. This movement was due mainly to increases in the major groups, ‘Refined Petroleum Products’ (32.5%) and ‘Food, Beverages & Tobacco’ (3.9%).”

“For the fiscal year-to-date, April 2018 to September 2018, the index for the Mining & Quarrying industry and the Manufacturing industry recorded increases of 7.9% and 5.8% respectively.”

Net Remittance



TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in September 2018 amounted to 134,910 an increase of 2.7% when compared to 131,416 recorded July 2017.

Stopover arrivals from the U.S. market increased by 11% in September 2018 with a total of 86,062 arrivals compared to 77,566 arrivals in September 2017.

The Canadian market recorded a decline in arrivals of 16.7% with arrivals amounting to 18,559 relative to 22,269 in September of last year.

The European market region also recorded a decline in arrivals by 7.4% to total 22,156 stopover arrivals in September 2018, relative to 23,919 recorded for September 2017.

Arrivals from Latin America recorded a growth of 7.7% with a total of 2,372 stopovers relative to 2,203 recorded in September 2017.(see Tourist Arrivals table above)

REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for August 2018, showed net remittances were US\$186.9 million, an increase of US\$17.4 million relative to \$169.50 million reported for the corresponding month of 2017.

For the period January 2018 to August 2018, net transfers totalled US\$1,388.7 million, relative to US\$1,378.9 million for the corresponding period in 2016/17.

For August 2018, total inflows amounted to US\$208.4 million, while outflows totalled US\$21.5 million.

The largest source market of remittances to the island in May was USA with a share of 63.7%. The remaining remittances during the above mentioned month came from Canada (13.2%) followed by UK (11.1%) and Cayman Islands (6.2%).



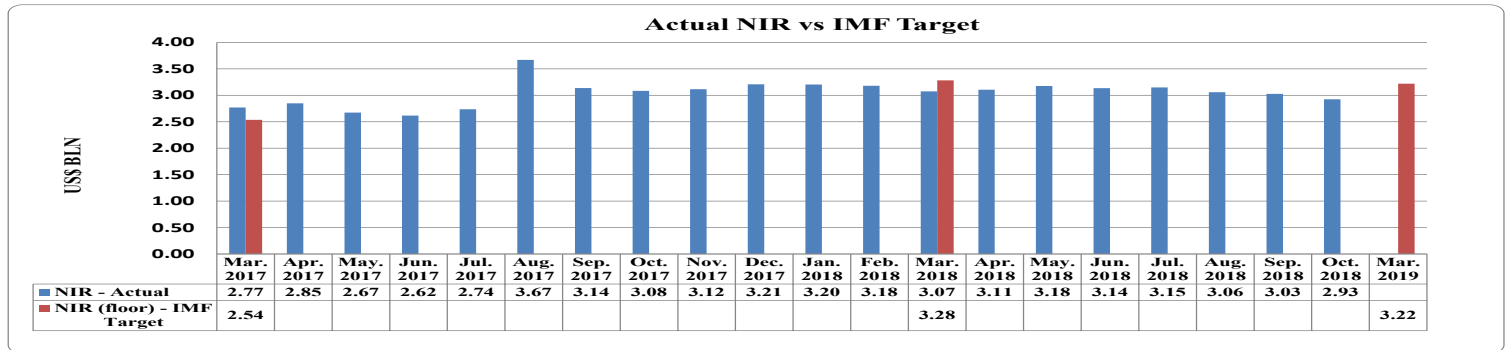
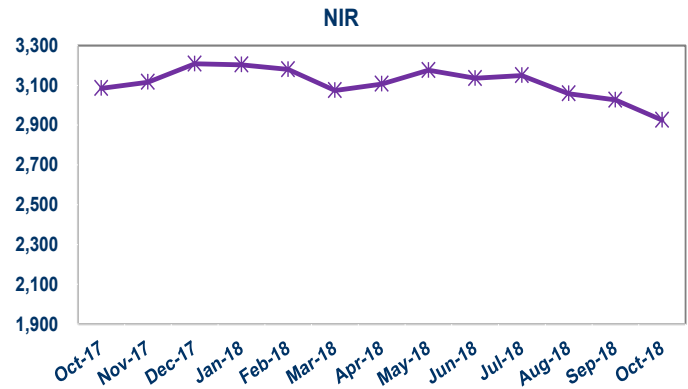
NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totaled US\$2,925.33 million as at October 2018, reflecting a decrease of US\$101.39 million relative to the US\$3,026.72 million reported as at the end of September 2018 (see figure 1).

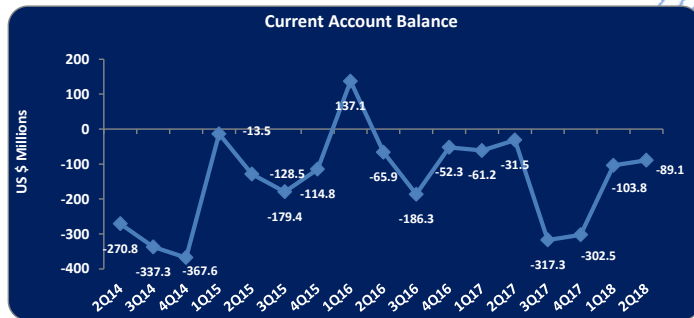
Changes in the NIR resulted from an increase in Foreign Assets of US\$108.79 million to total US\$3,460.06 million compared to the US\$3,568.84 million reported for September 2018. The decline in 'Currency & Deposits' contributed the most to the decrease in Foreign Assets. 'Currency & Deposits' as at October 2018 totaled US\$2,895.95 million reflecting a decrease of US\$96.03 million compared to US\$2,991.98 million booked as at September 2018.

'Securities' amounted to US\$311.32 million; US\$10.35 million less than the US\$321.68 million reported in September 2018. Foreign Liabilities for October 2018 amounted to US\$534.72 million compared to the US\$542.12 million reported for September 2018. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$7.40 million decline month over month from September 2018.

At its current value, the NIR is US\$159.65 million less than its total of US\$3,084.98 million as at the end of October 2017. The current reserve is able to support approximately 32.13 weeks of goods imports or 19.07 weeks of goods and services imports.



CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account deficit for the June 2018 quarter amounted to US\$89.1 million. This is compared to the US\$103.8 million deficit booked for the first quarter of 2018.

CONSUMER PRICE INDEX

The consumer price index for the month of October 2018 increased 0.7%, following the 1.1% increase in September 2018, according to The Statistical Institute of Jamaica (STATIN). The Consumer Price Index for the month of October advanced to 257.4, relative to the 255.6 reported for September 2018. This increase was largely attributed to the movement in the division, 'Food and Non-Alcoholic Beverages' up by 1.7% but however tempered by 'Housing, Water, Electricity, Gas and Other Fuels' which declined by 1.3%. Inflation within the Greater Kingston Metropolitan Area and Other Urban Centres each registered increase in their respective index of 1.1% and 0.6% respectively, while the index for Rural Areas increased by 0.4%.

The index for the 'Food and Non-Alcoholic Beverages' division recorded a 1.7% increase in its index for October 2018, following a 0.9% upward movement for September 2018. This resulted from the upward movements within the 'Food' and 'Non-Alcoholic Beverages' groups by 1.8% and 0.1% respectively. Within the 'Non-Alcoholic Beverages' group the classes 'Mineral Waters, Soft Drinks, Fruit and Vegetable Juices' and 'Coffee, Tea, and Cocoa' each recorded increases of 0.1% respectively. The index for the 'Housing, Water, Electricity, Gas and Other Fuels' division however recorded a 1.3% decline in its index for October 2018, following a 4.6% upward movement for September 2018. This was a result of the group 'Electricity, Gas and Other Fuels' registering a decline of 2.5% in its index. According to STATIN, this movement was 'the reduction in the rates for electricity.

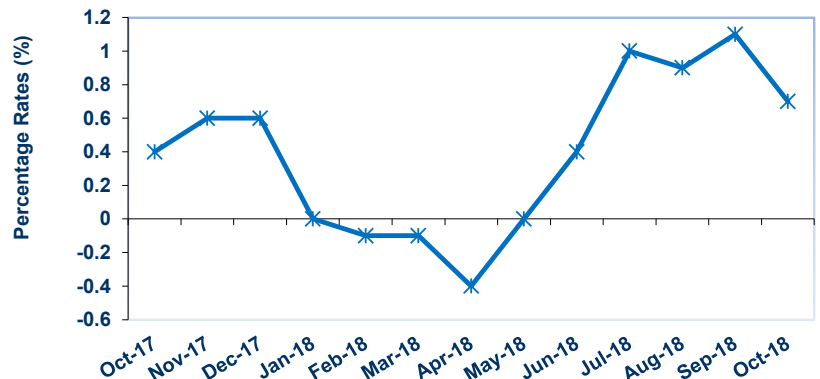
The inflation rate year to date is 2.8%, while the point-to-point rate (September 2017 – September 2018) and fiscal year 2018/ 2019 was 4.3% and 3.0% respectively.

MONEY SUPPLY

Components of Money Supply (M2)			
Percentage Change (%)	Sep-17	Jun-18	Sep-18
Total Money Supply (M2*)	26.5	16.3	14.9
Total Money Supply (m2*) without new entrant			
Money Supply (M2J)	30.6	23.0	16.7
Money Supply (M1J)	14.5	22.3	25.5
Currency with the public	9.9	11.5	15.2
Demand Deposits	18.4	31.3	33.6
Quasi Money	46.2	23.5	9.9
Savings Deposits	41.6	17.1	8.6
Time Deposits	65.8	52.5	14.8
Foreign Currency Deposits	20.5	6.6	12.2

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 May 2018 of 17.7%, a moderation relative to 21.4% in the previous year. The primary source of this deceleration was a decline in the rate of increase in foreign currency deposits to 10.4% from 18.8% 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 42.8% as at May 2018 from 46.2% as at May 2017. ."

Monthly Inflation Rate from October 2017 to October 2018



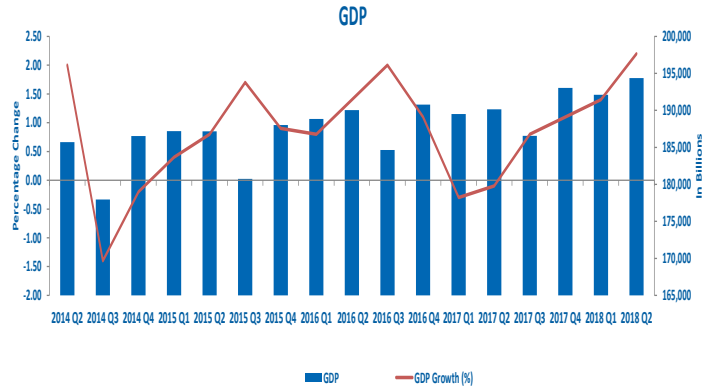


GROSS DOMESTIC PRODUCT

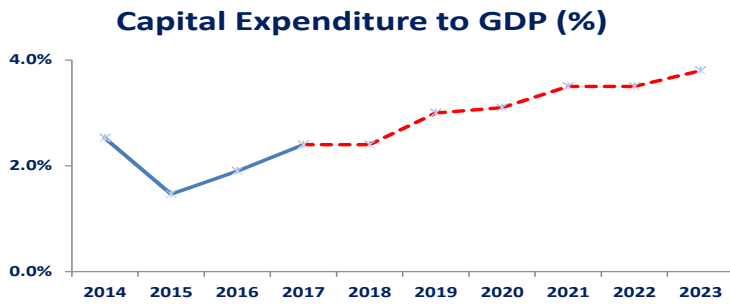
The latest data from the Statistical Institute of Jamaica indicates, “Jamaican economy grew by 2.2% during the period April to June 2018, when compared to the similar quarter of 2017”. This was due mainly to the improved performances in both the Services industries (0.6 %) and the Goods Producing industries (7.2%). The increase in the Goods Producing Industries was largely due to a 12.5% increase in Agriculture, Forestry & Fishing, 31.6% increase in Mining & Quarrying, 0.2% in Manufacturing and a 2.9% increase in Construction.

All industries within the Services industries recorded growth: Electricity & Water (1.0 %); Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (0.6%); Hotels & Restaurants (0.4 %); Transport, Storage & Communication (1.6%); Finance & Insurance Services (1.1%); Real Estate, Renting & Business Activities (0.6 %) and Other Services (0.3 %).

STATIN reports, “The Construction industry’s performance reflected increased activities in the building construction, civil engineering and building installation groups. “The Agriculture, Forestry & Fishing industry’s performance was attributed to favourable weather conditions and assistance to farmers by the Ministry of Agriculture. Growth in the Mining & Quarrying industry was due mainly to the resumption of production at the Jiuquan Iron and Steel Company (JISCO) Alpart refinery and demand for crude bauxite from overseas refineries.”



CAPITAL EXPENDITURE TO GDP



Total Expenditure for the period April 2018 to September 2018 amounted to \$284.79 billion, \$4.32 billion or 1.5% less than the budgeted \$289.10 billion. Recurrent expenditure which totalled \$256.25 billion, accounted for 89.98% of overall expenditures. Relative to projections, recurrent expenditure was \$3.26 billion (1.3%) less than budgeted. ‘Programmes’ which amounted to \$93.06 billion was \$3.81 billion or 3.9% less than projected, while ‘Employee Contribution’ which amounted to \$7.99 billion for the period was under budget by 4.1% relative to the budgeted \$8.34 billion. ‘Compensation of Employees’ amounted to \$98.79 billion, the same amount as was projected. However, ‘Wages & Salaries’ amounted to \$90.79 billion and was \$346.1 million or 0.4% more than projected.

As a result of the increase in Expenditures for the period April 2018- September 2018, the ‘Fiscal Surplus’ was \$9.38 billion, relative to a projected deficit of \$2.64 billion. Additionally, the primary balance for the period amounted to \$73.78 billion, 20.5% 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.

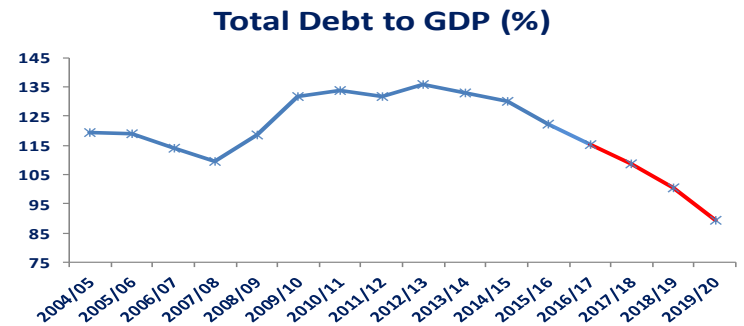
LABOUR FORCE

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	9.7	8.4	

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	1,348,400	1,338,200	

The Labour Force at July 2018, was 1,338,200 persons, a decrease of 2.2% compared to July 2017. The male labour force, which comprised 723,600 persons in July 2018 decreased by 1.5% relative to July 2017 while the female labour force decreased by 3.0% to 614,600 persons. The number of persons employed in July 2018 was 1,226,400, representing an increase of 12,800 persons above the number recorded in July 2017. The number of males employed increased by 5,900 to 681,800 while female employment increased by 6,900 to 544,600. In July 2018, the unemployment rate was 8.4%. The unemployment rate for youth 14-24 years was 22.2% in July 2018, representing a decrease of 5.3 percentage points, when compared to the rate of 27.5% in July 2017.

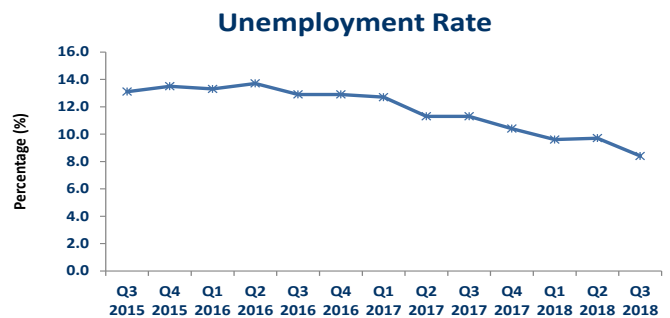
DEBT TO GDP



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 \$1.98 trillion, and currently stands at \$2.00 trillion as at September 2018. For the FY2018/19 and FY2019/20, Debt-to GDP is forecasted at fall below 100%, 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 \$141.1 billion by the end of the 2018/2019 fiscal year. For the September quarter, a primary balance of \$44.0 billion was estimated. As at the end of September 2018, this amounted to \$73.78 billion. Tax Revenue was expected to total an estimated \$234.0 billion by the end of the September quarter. The reported tax revenue for the end of September 2018 was \$258.52 billion.

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.

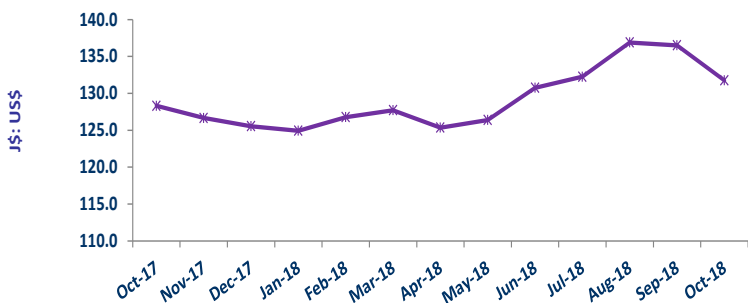




LOCAL FOREX

The Jamaican dollar appreciated against the USD for the month of October 2018. The JMD appreciated by \$4.76 in October, to close the month at an average of \$131.75 relative to the \$136.51 recorded in September 2018. Year over year, the JMD has depreciated by approximately \$3.44 or 2.68% relative to the \$128.31 reported as at October 2017.

Exchange Rate Movements



INTERNATIONAL FOREX

GBP/USD: The pair closed at \$1.2766 for the month of October. According to FX Empire, “The GBPUSD pair has been on a flat, range bound price movement near 1.2700/1.2715 handle as brexit concerns weigh down investor sentiment. The British Pound continues to lose ground across the board as disappointing economic data for the UK’s domestic economy highlight’s the rising potential for a no-deal Brexit, a proposition that sees Sterling traders heading for the hills as the GBP is down over 4% against the Greenback in three weeks of trading. Today’s price action in GBP will be influenced highly by brexit headlines and US Greenback’s price action in broad market similar to yesterday as macro calendar for UK is very silent today. As of writing this article, the GBPUSD pair is trading near flat at 1.2713 up by 0.06% on the day. US Greenback has been on steady uptrend against global peers across major global counterparts in Asian market hours owing to strong bullish support from better than expected U.S. economic data. When looking from technical perspective, The pair is oversold in the short-term, but there are no signs that the ongoing slump can change course.”

EUR/USD: The pair closed the month at \$1.1312. According to FX Empire, “The EURUSD pair has been in a range bound price action for last two months. When looking at the candle chart in daily time frame, price action in September and November has formed an “M” pattern. As of now the pair has lost all gains made over the last two months and the price action for the month of October shows two distinctive phases of price action. The first phase saw EURO gain momentum while the second phase saw price take a steep bearish nose dive. One of the major factors that had influenced the price action across the month for the common currency was Italian budget crisis. Another factor that affected the price action of common currency to great extent was the rout in equity markets. The first three days of the October saw EURO continue in last month’s bearish momentum but the last two days saw EURO bulls get into some action as Italian budget fears receded while strong German factory data influenced positive investor sentiment and US NFP data was a disappointment which helped EURO maintain positive price action as trading session closed for the week.”

October 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3042	1.3230	1.2706	1.2766
USD/CAD	1.2814	1.3157	1.2814	1.3157
EUR/USD	1.1578	1.1593	1.1312	1.1312
USD/JPY	113.93	114.53	111.77	112.94

USD/CAD: The CAD depreciated against the USD during the month of October by 2.7% to close at \$1.3157

OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/Maturity Date
3-Oct-18	28 Days	3.00%	N/A	Fixed	31-Oct-18
10-Oct-18	28 Days	3.00%	N/A	Fixed	7-Nov-18
26-Oct-18	28 Days	3.00%	N/A	Fixed	23-Nov-18

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

INTERNATIONAL ECONOMY

United States: According to the U.S. Bureau of Labour Statistics, “The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3% in October on a seasonally adjusted basis after rising 0.1% in September, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index rose 2.5% before seasonal adjustment. An increase in the gasoline index was responsible for over one-third of the seasonally adjusted increase in the all items index; advances in the indexes for shelter, used cars and trucks, and electricity also contributed. The increases in the gasoline and electricity indexes led to a 2.4% rise in the energy index. The food index, in contrast, declined slightly in October. The index for all items less food and energy rose 0.2% in October following a 0.1% increase in September. Along with the indexes for shelter and for used cars and trucks, the indexes for medical care, household furnishings and operations, motor vehicle insurance, and tobacco all increased in October. The indexes for communication, new vehicles, and recreation all declined. The all items index rose 2.5% for the 12 months ending October, a larger increase than the 2.3% increase for the 12 months ending September. The index for all items less food and energy rose 2.1% for the 12 months ending October. The energy index increased 8.9%, while the food index increased more modestly, advancing 1.2 percent over the last 12 months.”

EURO Zone: According to the European Union’s statistics office, “The euro area annual inflation rate was 2.2% in October 2018, up from 2.1% in September 2018. A year earlier, the rate was 1.4%. European Union annual inflation was also 2.2% in October 2018, up from 2.1% in September 2018. A year earlier, the rate was 1.7%. These figures are published by Eurostat, the statistical office of the European Union. The lowest annual rates were registered in Denmark (0.7%), Portugal (0.8%) and Ireland (1.1%). The highest annual rates were recorded in Estonia (4.5%), Romania (4.2%) and Hungary (3.9%). Compared with September 2018, annual inflation fell in eight Member States, remained stable in five and rose in fourteen. In October 2018, the highest contribution to the annual euro area inflation rate came from energy (+1.02 percentage points, pp), followed by services (+0.65 pp), food, alcohol & tobacco (+0.42 pp) and non-energy industrial goods (+0.11 pp)”

Commodity: According to the World Bank, “Commodity prices rose in October, with energy commodities rising 1.3% and non-energy commodities rising 1.2%. The agriculture index inches up 0.6%, led by a 4.4% surge in the beverage component. Precious metals rose 1.6%.”

CARICOM:

Belize According to Central Bank of Belize, “On the home front, Belize’s economy grew by 5.4% in the second quarter, driven by a rebound in agriculture, a surge in electricity production and sustained growth in tourism. Between January and June, real output expanded by 3.4%, up from 1.0% in the same period of 2017. The strong half-year performance was due to a 4.2% expansion in the secondary sector—owing to a double-digit increase in hydroelectricity generation—and a 6.4% lift in tertiary activities, led by a surge in tourist-related services and modest growth across other service industries. Value added contributions from these sectors were partly offset by a 1.2% contraction in the primary sector, as agriculture and marine output were suppressed by adverse weather and diseases. The average Consumer Price Index was unchanged between January and June, compared to the same period the year before, as price increases in the “Alcoholic Beverages and Tobacco”, “Health” and “Housing, Water, Electricity, Gas and Other Fuels” sub-indexes were offset by price declines in other major categories. Meanwhile, the unemployment rate increased from 9.0% in April 2017 to 9.4% in April 2018, as the growth in the labour force outpaced job gains.”

Trinidad and Tobago– Trinidad and Tobago’s Central Bank, “In the domestic economy, the improvement in the energy sector observed in the first quarter of 2018 continued into the second quarter. For the first half of the year, energy output rose 9.1 per cent, driven by the additional natural gas output from bpTT’s Juniper gas platform. Several gas-based products also showed increases, including liquefied natural gas (LNG) and natural gas liquids (NGL) with the boost to natural gas helping to counter the shortages of feedstock faced by petrochemical companies in 2017. At the same time, the decline in oil output continued given the maturation of existing fields. The overall robustness in the energy sector continued into the third quarter. In contrast, the non-energy sector as a whole is yet to recover. Based on data up to the third quarter, the performances of the distribution, finance and transport sectors were marginally positive and encouraging signs emerged in the construction sector, with evidence of some reversal of the declining trend.”