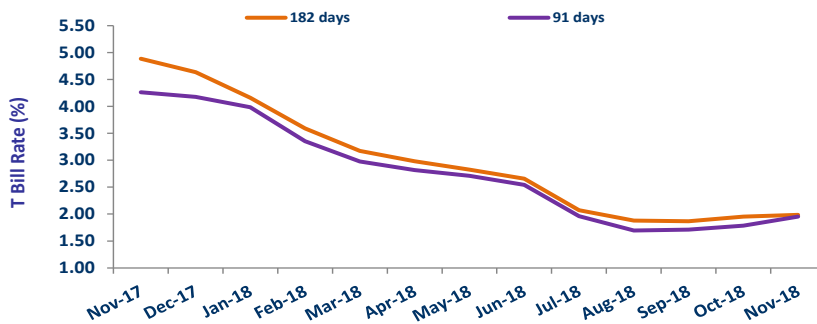


LOCAL ECONOMY

TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

Treasury Bills:

For the month of November, 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\$826.71 million and J\$1.10 billion for the 90-day and 180-day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 1.95%, up 17 basis points compared to October, whilst the 182-day treasury bill auction resulted in the average yield of 1.99%, up 3 basis points relative to October's outturn. Notably, the average yields on the 91-day decreased by 231 basis points compared to the auctions in 2017 for the comparable period. The 182-day treasury bills also declined by 290 basis points relative to the corresponding auctions in 2017. (Refer to the graph on the right).

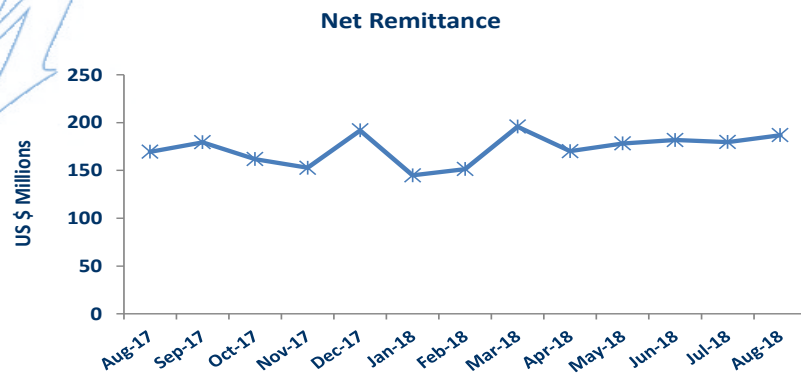


Producer Price Index:

The Producer Price Index (PPI) for the Mining and Quarrying industry increased by 0.5% for the month of October 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 0.6%. The Manufacturing industry also registered an increase of 1.3% 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 3.5% and 0.4% respectively.

Country	October 2018		October 2017		Change %
	Arrivals	Share %	Arrivals	Share %	
U.S.A.	106,020	65.2%	97,684	62.1%	8.5%
Canada	23,828	14.7%	25,696	16.3%	-7.3%
Europe	23,724	14.6%	25,033	15.9%	-5.2%
Latin America	2,626	1.6%	2,852	1.8%	-7.9%
Caribbean	5,235	3.2%	4,930	3.1%	6.2%
Asia	697	0.4%	702	0.4%	-0.7%
Others	422	0.3%	483	0.3%	-12.6%
Total	162,552	100.0%	157,380	100.0%	3.3%

According to STATIN, "There was a 3.4% decline in the point-to-point movement in the index for the Mining & Quarrying industry for October 2017 to October 2018. The Manufacturing industry advanced by 9.8% in its index for the review period. This movement was due mainly to increases in the major groups, 'Refined Petroleum Products' (38.8%) and 'Food, Beverages & Tobacco' (4.1%)"



TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in October 2018 amounted to 162,552 an increase of 3.3% when compared to 157,380 recorded October 2017.

Stopover arrivals from the U.S. market increased by 8.5% in October 2018 with a total of 106,020 arrivals compared to 97,684 arrivals in October 2017.

The Canadian market recorded a decline in arrivals of 7.3% with arrivals amounting to 23,828 relative to 25,696 in October of last year.

The European market region also recorded a decline in arrivals by 5.2% to total 23,724 stopover arrivals in October 2018, relative to 25,033 recorded for October 2017.

Arrivals from Latin America recorded a decline of 7.9% with a total of 2,626 stopovers relative to 2,852 recorded in October 2017. (see Tourist

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 remittance inflows 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%).

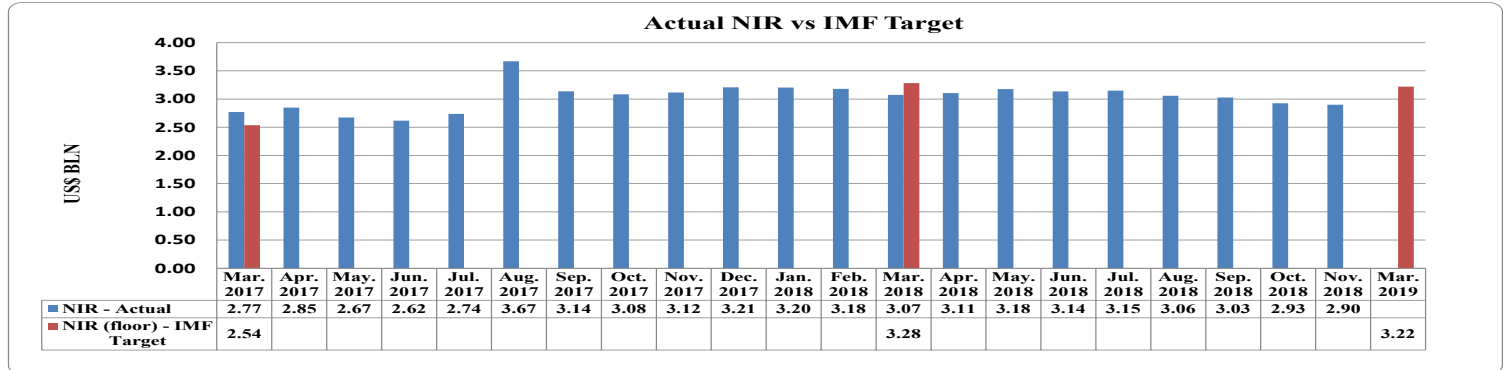
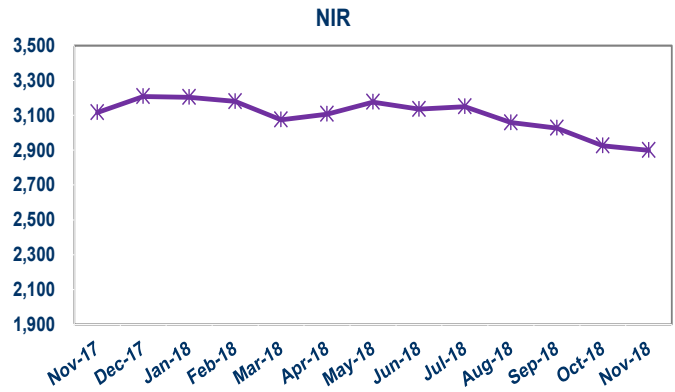


NET INTERNATIONAL RESERVES

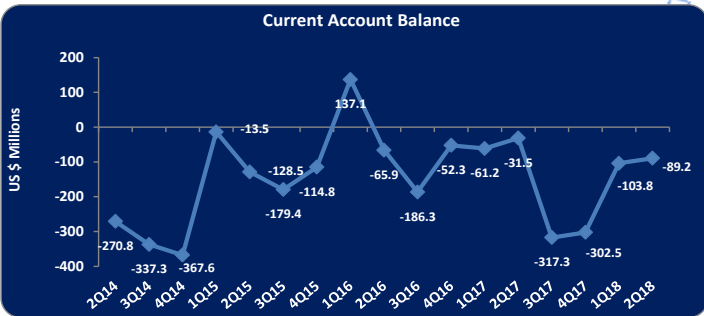
Jamaica's Net International Reserves (NIR) totaled US\$2,899.06 million as at November 2018, reflecting a decrease of US\$26.27 million relative to the US\$2,925.33 million reported as at the end of October 2018 (see figure 1).

Changes in the NIR resulted from a decrease in Foreign Assets of US\$34.93 million to total US\$3,425.13 million compared to the US\$3,460.06 million reported for October 2018. 'Currency & Deposits' contributed the most to the decrease in Foreign Assets. 'Currency & Deposits' as at November 2018 totaled US\$2,859.73 million reflecting a decrease of US\$36.22 million compared to US\$2,895.95 million booked as at October 2018.

'Securities' amounted to US\$320.44 million; US\$9.11 million more than the US\$311.32 million reported in October 2018. Foreign Liabilities for November 2018 amounted to US\$526.07 million compared to the US\$534.72 million reported for October 2018. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$8.65million decline month over month from October 2018.



CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account deficit for the June 2018 quarter amounted to US\$89.2 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 November 2018 was 0.0%, following the 0.7% increase in October 2018, according to The Statistical Institute of Jamaica (STATIN). The Consumer Price Index for the month of November remained at 257.4, relative to the 257.4 reported for October 2018. This negligible movement was largely attributed to the upward movement in the division, 'Food and Non-Alcoholic Beverages' by 0.3% but however tempered by the 0.8% downward movement in the division 'Housing, Water, Electricity, Gas and Other Fuels'. Inflation within the Greater Kingston Metropolitan Area, Other Urban Centres and Rural Areas all registered negligible movement of 0.0% in each of the three index.

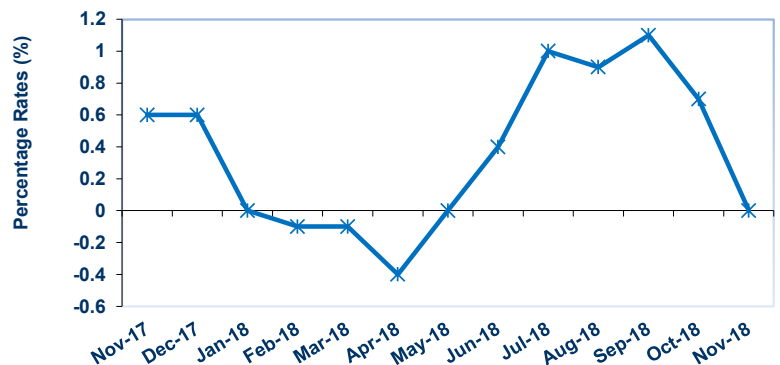
The index for the 'Food and Non-Alcoholic Beverages' division recorded a 0.3% increase in its index for November 2018, following a 1.7% upward movement for October 2018. This resulted from the upward movements within the 'Food' and 'Non-Alcoholic Beverages' groups by 0.3% and 0.2% respectively. Within the 'Food' group, the class 'Vegetables and Starchy Foods' increased 0.1% while the class 'Fruits' increased by 0.9%. 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 0.2%. The index for the 'Housing, Water, Electricity, Gas and Other Fuels' division however recorded a 0.8% decline in its index for November 2018, following a 1.3% downward movement for October 2018. This was a result of the group 'Electricity, Gas and Other Fuels' registering a decline of 2.4% in its index.

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 September 2018 of 14.9%, a moderation relative to 16.3% as at June 2018. The primary source of this deceleration was a decline in foreign currency time deposits of 4.1% from growth of 0.2% in June 2018. 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 slightly downwards to 43.3% as at September 2018 from 44.3% as at September 2017. "

Monthly Inflation Rate from November 2017 to November 2018



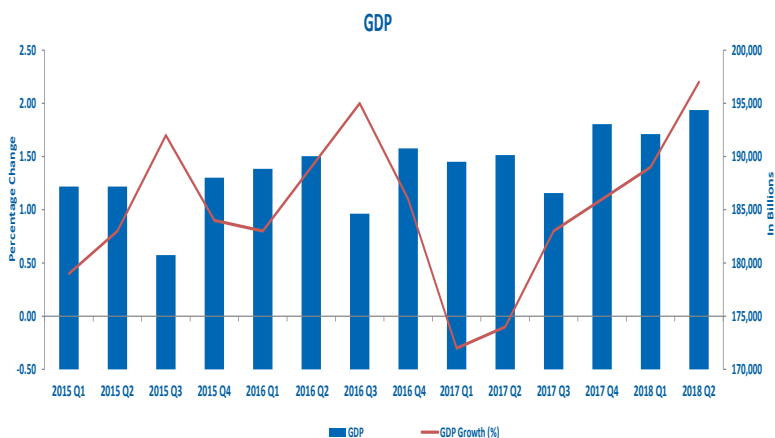


GROSS DOMESTIC PRODUCT

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.

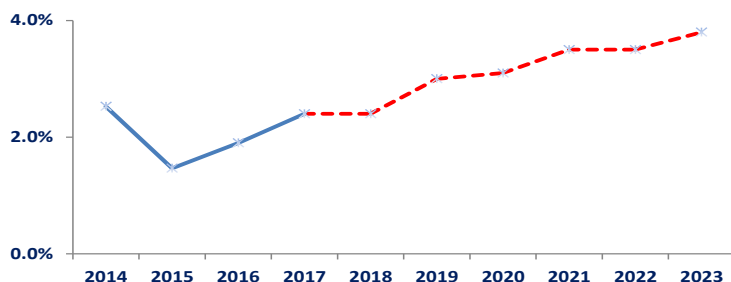
All industries within the Services industries recorded growth: Electricity & Water (1.0 %); Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (0.6%); Hotels & Restaurants (0.4 %); Transport, Storage & Communication (1.6%); Finance & Insurance Services (1.1%); Real Estate, Renting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



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



Total Expenditure for the period April 2018 to October 2018 amounted to \$337.01 billion, \$6.20 billion or 1.8% less than the budgeted \$343.20 billion. Recurrent expenditure which totalled \$301.57 billion, accounted for 89.49% of overall expenditures. Relative to projections, recurrent expenditure was \$6.28 billion (2%) less than budgeted. ‘Programmes’ which amounted to \$110.34 billion was \$3.32 billion or 2.9% less than projected, while ‘Employee Contribution’ which amounted to \$9.02 billion for the period was under budget by 5.7% relative to the budgeted \$9.57 billion. ‘Compensation of Employees’ amounted to \$113.72 billion, \$1.09 or 0.9% less than projected. ‘Wages & Salaries’ amounted to \$104.70 billion and was \$540.4 million or 0.5% less than projected.

As a result of the increase in Expenditures for the period April 2018- October 2018, the ‘Fiscal Surplus’ was \$1.28 billion, relative to a projected deficit of \$10.33 billion. Additionally, the primary balance for the period amounted to \$78.79 billion, 14.1% 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

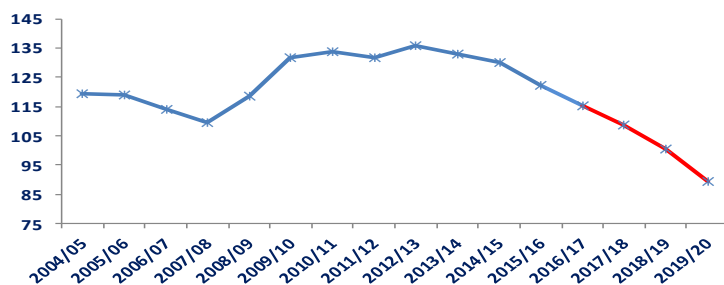
Unemployment Rate (%)	January Q1	April Q2	July Q3	October Q4
2015	14.2	13.2	13.1	13.5
2016	13.3	13.7	12.9	12.9
2017	12.7	11.3	11.3	10.4
2018	9.6	9.7	8.4	

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

Total Debt to GDP (%)

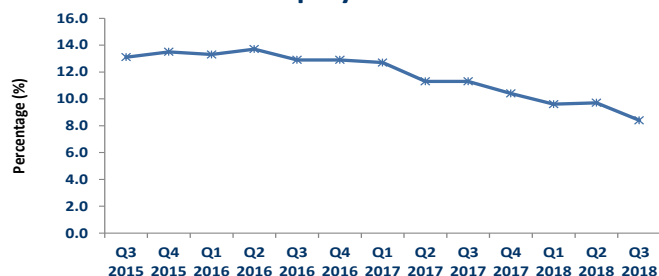


Public Debt to GDP is expected to close the fiscal year 2017/18 with a ratio of 105%, below the targeted debt levels of 111% of GDP, stated Minister Shaw in his Opening Budget Debate Presentation. Debt to GDP at the end of the FY2016/17 was 115.2%. Jamaica’s total public debt closed the fiscal year, March 2018, at \$1.952 trillion, and currently stands at \$1.945 trillion as at October 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.

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 \$141.2 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 October 2018, this amounted to \$78.79 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 October 2018 was \$300.19 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 \$141.2 billion, still in line with the 7.0% of GDP programme target and includes no new revenue measures.

Unemployment Rate

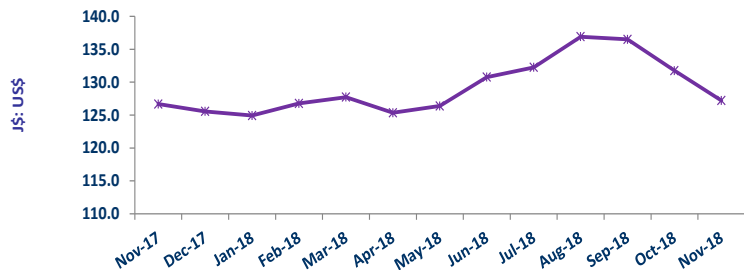




LOCAL FOREX

The Jamaican dollar appreciated against the USD for the month of November 2018. The JMD appreciated by \$4.54 in November, to close the month at an average of \$127.21 relative to the \$131.75 recorded in October 2018. Year over year, the JMD has depreciated by approximately \$0.54 or 0.43% relative to the \$126.67 reported as at November 2017.

Exchange Rate Movements



INTERNATIONAL FOREX

GBP/USD: The pair closed at \$1.2766 for the month of November. According to FX Empire, “The Sterling Pound was the best performer rallying during London trading hours up to 1.2927 against the greenback.” However the British pound broke down during the week, slicing through the 1.27 level as there was a “no confidence vote” for Theresa May. She did survive it, so that was a brief reprieve for the British pound, but as you can see the trajectory continues lower. “if the British to sign some type of Brexit agreement, currently being debated between the British Parliament and Theresa May, then we could see a rally in the Pound. I don’t think we’re going to see that anytime soon, so the odds of a hard Brexit are increasing, and therefore you will continue to see a bearish pressure here as well. On the other side of the Atlantic Ocean, you have the United States which looks rather healthy, so it makes sense that we continue to break down.”

EUR/USD: The pair closed the month at \$1.1312. According to FX Empire, “The EURUSD pair has been trading locked inside a wider price band since last week of October with price pattern in weekly chart forming a zig zag pattern as new and event driven momentum saw both sides of pair play tug of war for control. On the upside the pair faces two levels of resistance at 1.1499 & 1.1423 while the downside sees strong support at 1.1295 & 1.1210 respectively. The month opened positive for Euro well above 1.14 handle but by the end of first week the pair lost all its early gains and was back to neutral level. The gains was Euro in first week was mostly due to cautious investor stance across globe as US election was under progress which saw divided outcome much in line with market expectations as Republicans kept the Senate and Democrats took the House. Moving forward for month of December, the pair is going to be very choppy and sideways in general, but that’s nothing new as it has become the domain of high-frequency traders. This pair is not the first choice of investors when they think of long term moves. End of year is usually noisy and the pair can be expected to display erratic price action driven by news, macro data and geo-political events but highly unlikely for any event or news to bring

November 1-30				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3012	1.3126	1.2747	1.2749
USD/CAD	1.3086	1.3306	1.3086	1.3292
EUR/USD	1.1408	1.1454	1.1218	1.1317
USD/JPY	112.72	114.07	112.55	113.57

USD/CAD: The CAD depreciated against the USD during the month of October by 1.6% to close at \$1.3292.

OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/Maturity Date
2-Nov-18	28 Days	3.00%	N/A	Fixed	30-Nov-18
16-Nov-18	28 Days	3.00%	N/A	Fixed	14-Dec-18
23-Nov-18	28 Days	3.00%	N/A	Fixed	21-Dec-18
30-Nov-18	28 Days	3.00%	N/A	Fixed	28-Dec-18

The Bank of Jamaica issued four Certificates of Deposits during the month of November 2018.

CARICOM:

Belize According to Central Bank of Belize, for the month of October “The Consumer Price Index (CPI) dipped by 0.1% in October but increased by an average of 0.3% during the first ten months of 2018, compared to the same period of 2017. The upward price momentum for the year to date was principally driven by increased costs for liquid petroleum gas, fuels and lubricants and medical services. A 2.8% increase in net domestic credit pushed broad money supply (M2) up by 1.5% during the first ten months of 2018, as the net foreign asset of the banking system fell by 3.6%. The downturn in the net foreign assets over the year to date was due to a \$53.0mn decline in the Central Bank’s holdings, as outflows of \$223.2mn exceeded inflows of \$170.4mn. On the other hand, domestic banks’ net foreign assets fell by \$19.9mn in October, reducing the year-to-date expansion to \$21.8mn. Tourism activities remained robust, as stay-over arrivals expanded by 12.8% to 355,556 visitors and cruise ship disembarkations increased by 17.9% to 851,070 visitors.”

Trinidad and Tobago– Trinidad and Tobago’s Central Bank, “Overall activity in the domestic economy improved in the first half of 2018 (year-on-year) supported mainly by the energy sector. According to the Central Bank’s Quarterly Index of Real Economic Activity (QIEA), the energy sector output expanded by 9.1 per cent in the first six months of 2018. This was driven by the higher natural gas production over the period. Additionally, the decline in the non-energy sector narrowed to -0.2 per cent. Continued fiscal consolidation aided Government’s position resulting in a smaller deficit for FY2017/18. Inflation remained contained during the first nine months of 2018. In the financial markets, as US short term interest rates inched up, the negative TT-US short-term differential widened. Activity in the domestic economy improved in the first half of 2018. Preliminary estimates from the Central Bank’s QIEA suggest an increase in real economic activity of 3.0 per cent (year-on-year) in the first six months of 2018. This represented a significant improvement from a year earlier when economic activity declined by 4.7 per cent. The main driver of growth was the energy sector—reflecting the effects of new natural gas output from bpTT’s Juniper gas platform since the second half of 2017. Activity in the non-energy

INTERNATIONAL ECONOMY

United States: According to the U.S. Bureau of Labour Statistics, “The Consumer Price Index for All Urban Consumers (CPI-U) was unchanged in November on a seasonally adjusted basis after rising 0.3% in October, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 2.2% before seasonal adjustment. The gasoline index declined 4.2% in November, offsetting increases in an array of indexes including shelter and used cars and trucks. Other major energy component indexes were mixed, with the index for fuel oil falling but the indexes for electricity and natural gas rising. The food index rose in November, with the indexes for food at home and food away from home both increasing. The all items less food and energy index increased 0.2% in November. Along with the indexes for shelter and used cars and trucks, the indexes for medical care, recreation, and water and sewer and trash collection also increased. The indexes for wireless telephone services, airline fares, and motor vehicle insurance declined in November. The all items index increased 2.2% for the 12 months ending November, compared to a 2.5% increase for the period ending October. The all items less food and energy index rose 2.2% in November. The energy index increased 3.1% for the 12 months ending November; this was its smallest 12-month increase since the period ending June 2017. The food index rose 1.4% over the last 12 months.”

EURO Zone: According to the European Union’s statistics office, “The euro area annual inflation rate was 1.9% in November 2018, down from 2.2% in October. A year earlier, the rate was 1.5%. European Union annual inflation was 2.0% in November 2018, down from 2.2% in October. A year earlier, the rate was 1.8%. These figures are published by Eurostat, the statistical office of the European Union. The lowest annual rates were registered in Denmark (0.7%), Ireland (0.8%) and Portugal (0.9%). The highest annual rates were recorded in Estonia, Hungary and Romania (all 3.2%). Compared with October 2018, annual inflation fell in twenty-five Member States, remained stable in one and rose in one. In November 2018, the highest contribution to the annual euro area inflation rate came from energy (+0.88 percentage points), followed by services (+0.57 pp), food, alcohol & tobacco (+0.38 pp) and non-energy industrial goods (+0.11 pp).”

Commodity: According to the World Bank, “Commodity prices fell in November, with energy commodities plunging 15.4% and non-energy commodities falling