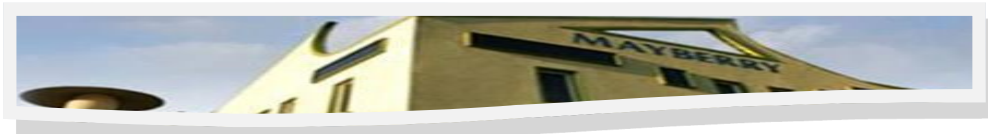


MAYBERRY INVESTMENTS LIMITED

VOLUME 2 MARCH 21, 2019

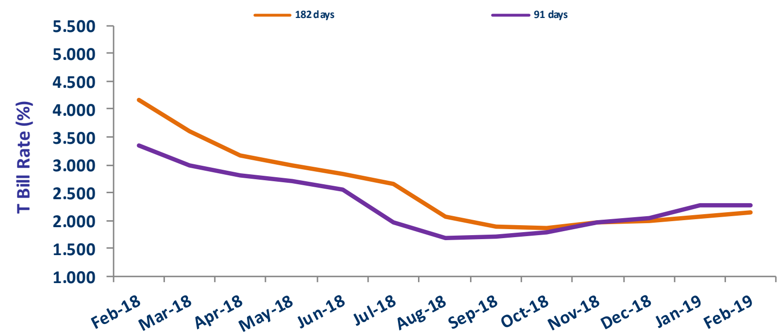
MONTHLY ECONOMIC SUMMARY

LOCAL ECONOMY

TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

Treasury Bills:

For the month of February, 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$1.36 billion and J$1.22 billion for the 90-day and 180 –day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 2.27%, down 1 basis points compared to December, whilst the 182-day treasury bill auction resulted in the average yield of 2.32%, up 17 basis points relative to December's outturn. Notably, the average yields on the 91-day decreased by 108 basis points compared to the auctions in 2018 for the comparable period. The 182-day treasury bills also declined by 127 basis points relative to the corresponding auctions in 2018.(Refer to the graph on the right).



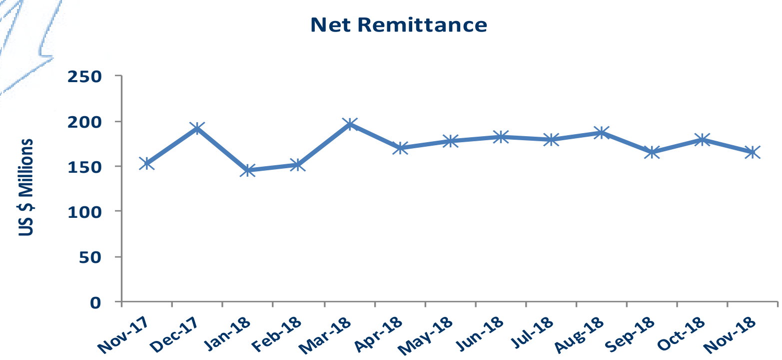
Producer Price Index:

The Producer Price Index (PPI) for the Mining and Quarrying industry increased by 1.0% for the month of January 2019 according to the Statistical Institute of Jamaica (STATIN). This upward movement was primarily due a similar increase in the index for the major group 'Bauxite Mining & Alumina Processing'. The Manufacturing industry also registered a decrease of 0.8% for the month of January. The main contributors to this movement was the downward movement in the index for the major groups 'Refined Petroleum Products' by 5.6%. However, the index for 'Food, Beverages & Tobacco' rose by 0.1%.

According to STATIN, "For the fiscal year-to-date, April 2018 to January 2019, the index for the Mining & Quarrying and the Manufacturing industry recorded increases of 2.5% and 4.9% respectively." . There was an increase of 4.0 % in the point-to-point movement in the index for the Mining & Quarrying industry for January 2018 to January 2019.

Stopover Arrivals by Market Region

Country	January 2019	Share %	January 2018	Share %	Change %
U.S.A.	132,508	61.2%	110,396	56.7%	20.0%
Canada	45,078	20.8%	46,815	24.1%	-3.7%
Europe	29,094	13.4%	28,928	14.9%	0.6%
Latin America	3,758	1.7%	3,229	1.7%	16.4%
Caribbean	4,818	2.2%	4,075	2.1%	18.2%
Asia	627	0.3%	629	0.3%	-0.3%
Others	626	0.3%	537	0.3%	16.6%
Total	216,509	100.0%	194,609	100.0%	11.3%



TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in January 2019 amounted to 216,509 an increase of 11.3% when compared to 194,609 recorded January 2018.

Stopover arrivals from the U.S. market increased by 20% in January 2019 with a total of 132,508 arrivals compared to 110,396 arrivals in January 2018.

The Canadian market recorded a decline in arrivals of 3.7% with arrivals amounting to 45,078 relative to 46,815 in January of last year.

The European market region recorded an increase in arrivals by 0.6% to total 29,094 stopover arrivals in January 2019, relative to 28,928 recorded for January 2018.

Arrivals from Latin America also recorded an increase of 16.4% with a total of 3,758 stopovers relative to 3,229 recorded in January 2018 (see Tourist Arrivals table above).

REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for November 2018, showed net remittances were US$165.2 million, an increase of US$12.4 million relative to $152.8 million reported for the corresponding month of 2017.

For the period January 2018 to November 2018, net remittance inflows totalled US$2,124.8 million, relative to US$2,111.4 million for the corresponding period in 2017.

For November 2018, total inflows amounted to US$186.5 million, while outflows totalled US$21.3 million.

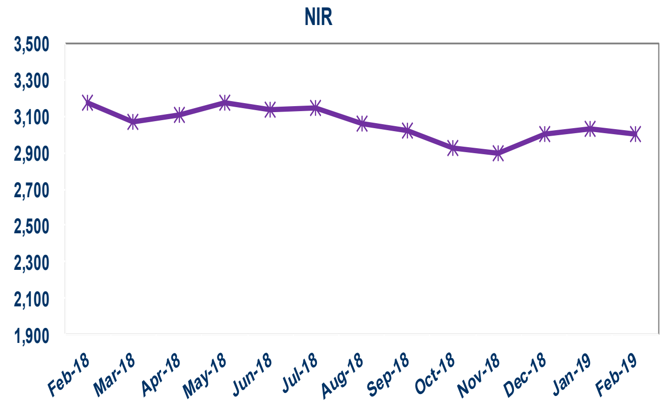
The largest source market of remittances to the island in November was USA with a share of 63.5%. The remaining remittances during the above mentioned month came from Canada (10.0%) followed by UK (12.7%) and Cayman Islands (7.3%).

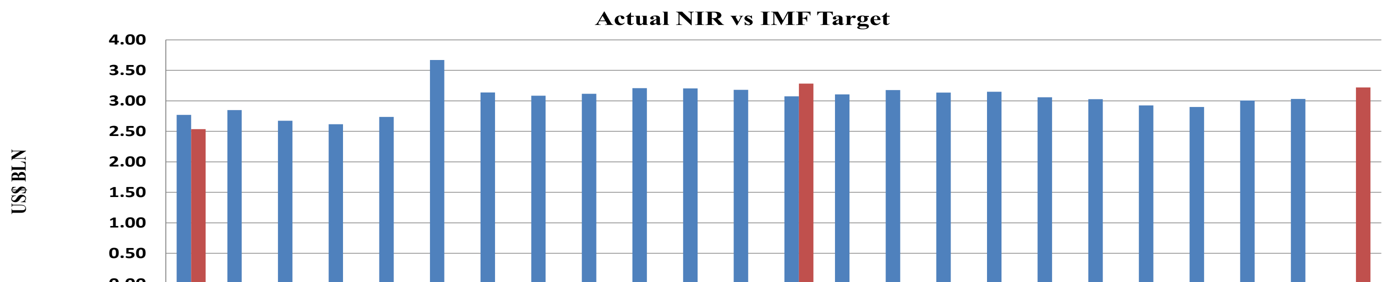
NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totaled US$3,007.49 million as at February 2019, reflecting a decrease of US$23.46 million relative to the US$3,030.94 million reported as at the end of January 2019 (see figure 1).

Changes in the NIR resulted from a decrease in Foreign Assets of US$24.49 million to total US$3,536.84 million compared to the US$3,561.33 million reported for January 2019. 'Currency & Deposits' contributed the most to the decline in Foreign Assets. 'Currency & Deposits' as at February 2019 totaled US$2,975.68 million reflecting a decline of US$12.27 million compared to US$2,987.94 million booked as at January 2019.

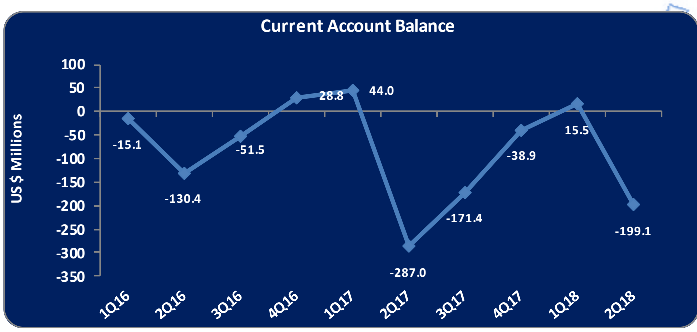
'Securities' amounted to US$317.75 million; US$7.58 million less the US$325.33 million reported in January 2019. Foreign Liabilities for February 2019 amounted to US$529.35 million compared to the US$530.38 million reported for January 2019. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US$1.03 million decline month over month from January 2019.





	Mar. 2017	Apr. 2017	May. 2017	Jun. 2017	Jul. 2017	Aug. 2017	Sep. 2017	Oct. 2017	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	Mar. 2018	Apr. 2018	May. 2018	Jun. 2018	Jul. 2018	Aug. 2018	Sep. 2018	Oct. 2018	Nov. 2018	Dec. 2018	Jan. 2019	Mar. 2019
NIR - Actual	2.77	2.85	2.67	2.62	2.74	3.67	3.14	3.08	3.12	3.21	3.20	3.18	3.07	3.11	3.18	3.14	3.15	3.06	3.03	2.93	2.90	3.01	3.03	
NIR (floor) - IMF Target	2.54												3.28											3.22

CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account deficit for the September 2018 quarter amounted to US$199.1 million. This is compared to the US$15.5 million surplus booked for the June quarter of 2018.

MONEY SUPPLY

Components of Money Supply (M2)			
Percentage Change (%)	**Dec-17**	**Sep-18**	**Dec-18**
Total Money Supply (M2*)	22.9	14.9	13.9
Total Money Supply (m2*) without new entrant			
Money Supply (M2J)	29.1	16.7	14.5
Money Supply (M2J) without new entrant			
Money Supply (M1J)	12.6	25.5	22.1
Currency with the public	9.2	15.2	13.9
Demand Deposits	15.7	33.6	29.0
Quasi Money	46.6	9.9	8.3
Savings Deposits	40.1	8.6	7.8
Time Deposits	75.0	14.8	10.1
Foreign Currency Deposits	13.3	12.2	13.0

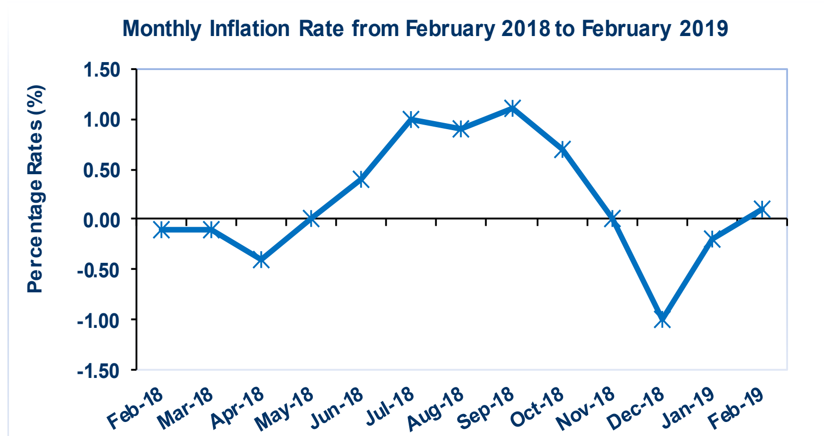
According to the latest data available from the Bank of Jamaica's quarterly report, "The measure of broad money supply that includes foreign currency deposits (M2*) recorded annual growth at December 2018 of 13.9 per cent, a moderation relative to 22.9 per cent in the previous year. This deceleration primarily reflected the aforementioned decline in the rate of increase in local currency deposits as foreign currency moderated slightly to 13.0 per cent from 13.3 per cent a year earlier. Resulting from the slower growth in foreign currency deposits, coupled with a faster pace of deceleration in total deposits, the private sector deposit dollarization ratio for commercial banks trended slightly downwards to 41.4 per cent as at December 2018 from 41.8 per cent as at December 2017."

CONSUMER PRICE INDEX

The consumer price index for the month of February 2019 recorded an inflation rate of 0.1%, following a 0.2% decline in its index for January 2019, according to The Statistical Institute of Jamaica (STATIN). The Consumer Price Index for the month of February fell to 254.3, relative to the 254.2 reported for January 2019. This movement was largely attributed to the upward movements in the division, 'Food and Non-Alcoholic Beverages' by 0.7%, The 'Transport' and 'Recreation and Culture' division both recorded increases in their index of 0.2% and 0.3% respectively. The 'Housing, Water, Electricity, Gas and Other Fuels' division tempered the overall movement with a 2.5% decline as a result of reduced electricity, water and sewage rates. Inflation within the, Other Urban Centres and Rural Areas all registered declines of 0.3 each, while inflation in the greater Kingston Metropolitan area advanced 0.7%.

The index for the 'Food and Non-Alcoholic Beverages' division recorded a 0.7% increase in its index for February 2019, following a 0.5% downward movement for January 2019. This resulted from the upward movements within the 'Food' group by 0.7%. Within the 'Food' group, the class 'Vegetables and Starchy Foods' increase 2.0% as tomato price climbed substantially in all three regions. According to STATIN, "the strongest impact was recorded in the GKMA region due to its weight contribution." Additionally, STATIN stated, "lower prices were recorded for items such as carrot, cabbage and yam, higher prices for tomato, sweet potato had a stronger impact on the index." Other classes such as 'Meat', 'Fish and Seafood' and 'Fruit' recorded increases of 0.3%, 0.2% and 0.8% respectively. The 'Non-Alcoholic Beverages' group registered a 0.2% growth in its index, as the groups 'Coffee, Tea and Cocoa' and 'Mineral Water, Soft drinks, Fruits and Vegetable Juices' recorded increases of 0.2%. the divisions calendar year-to-date inflation rate was 0.2%, while the point-to-point and fiscal year-to-date were 1.0%.

The movement in the index for the fiscal year-to-date was 2.5% and the point-to-point movement was 2.4% per cent. The calendar year-to-date inflation rate was –0.2%.

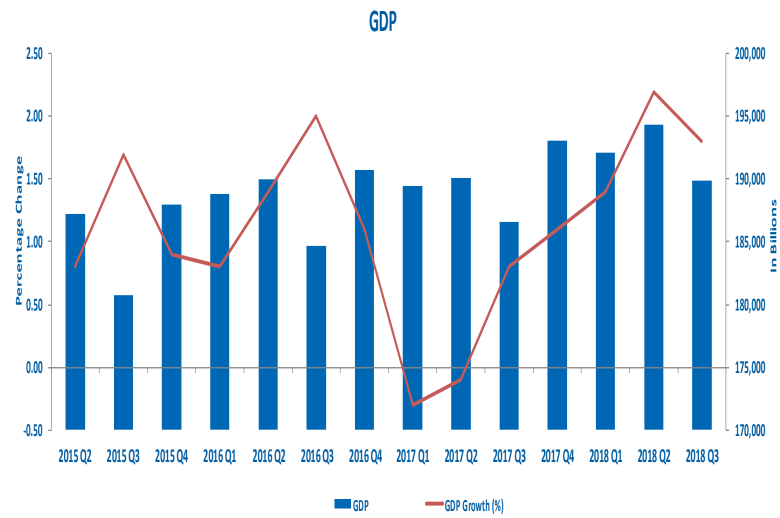


GROSS DOMESTIC PRODUCT

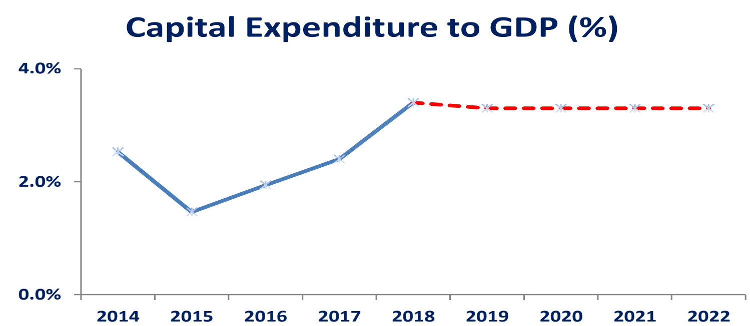
The latest data from the Statistical Institute of Jamaica indicated, “Total value added at constant prices for the Jamaican economy grew by 1.8 per cent in the third quarter of 2018 when compared to the similar quarter of 2017. This resulted from improved performances in both the Goods Producing Industries (5.1%) and the Services Industries (0.7%)”

All industries within the Services Industries recorded higher levels of output with the exception of Electricity & Water Supply which declined by 0.1% and the Producers of Government Services which remained unchanged for the review period. Increases in value added were recorded for: Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (0.8%), Hotels & Restaurants (2.1 %), Transport, Storage & Communication (1.4 %), Finance & Insurance Services (0.7 %), Real Estate, Renting & Business Activities (0.5%) and Other Services (1.2%).

STATIN reports, “The positive performance of the Goods Producing Industries was due to increased output in Mining & Quarrying (51.0%) and Construction (3.7%). However, Manufacturing declined by 0.3 per cent, while Agriculture, Forestry & Fishing remained unchanged. Growth in the Mining & Quarrying industry was due mainly to the reopening of JISCO Alpart refinery.”



CAPITAL EXPENDITURE TO GDP

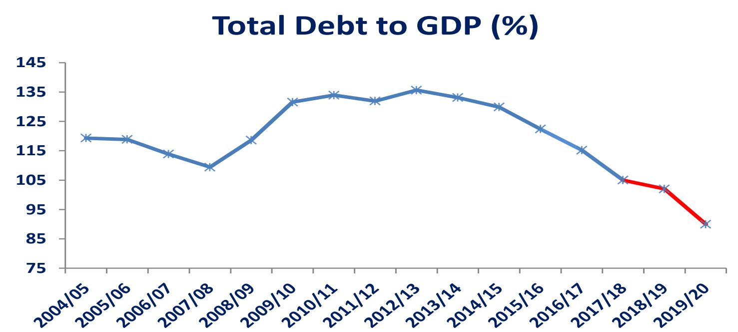


Total Expenditure for the period April 2018 to January 2019 amounted to $482.25 billion, $6.50 billion or 1.3% less than the budgeted $488.74 billion. Recurrent expenditure which totalled $431.64 billion, accounted for 89.51% of overall expenditures. Relative to projections, recurrent expenditure was $6.15 billion (1.4%) less than budgeted. ‘Programmes’ which amounted to $162.72 billion was $3.14 billion or 1.9% less than projected, while ‘Employee Contribution’ which amounted to $12.19 billion for the period was under budget by 4.9% relative to the budgeted $12.81 billion. ‘Compensation of Employees’ amounted to $164.28 billion, $85.2 million or 0.1% less than projected. While, ‘Wages & Salaries’ amounted to $152.10 billion and was $536.2 million or 0.4% more than projected.

As a result of the decrease in Expenditures for the period April 2018-January 2019, the ‘Fiscal Surplus’ was $14.30 billion, relative to a projected surplus of $4.02 billion. Additionally, the primary balance for the period amounted to $118.94 billion, 6.6% more than budgeted.

The FY2018/19 Budget tabled in Parliament included a significant increase in capital expenditure by central government from 2.4% of GDP in FY2017/18 to 3.4% of GDP in FY2018/19. For FY2019/20, the new budget tabulated targets a capital expenditure to GDP of 1%.

DEBT TO GDP



Public Debt to GDP is projected to fall to 96.4% by the end of the 2018/2019 fiscal year, as at March 31, 2019. According to the 2019 Fiscal Policy Paper, “this expected outcome is however slightly higher than the initially-projected 94.3% which informed the FY 2018/19 budget”. For the FY2019/20, Debt-to GDP is forecasted at 93%. Notably, the Government aims to bring the public debt to GDP down to 60% by FY 2025/26.

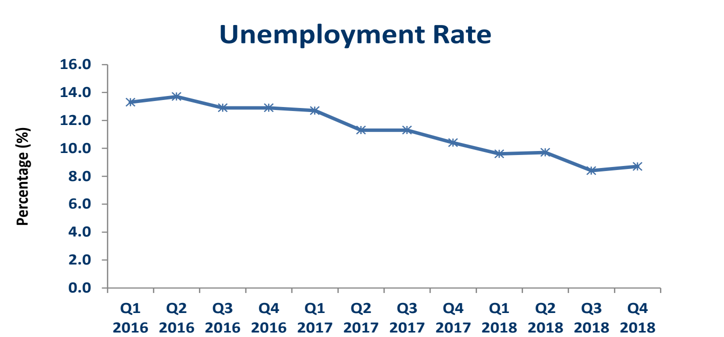
As part of the Memorandum of Economic and Financial Policies (MEFP), the GOJ estimates that the primary balance, as a performance criterion, should amount to $142.14 billion by the end of the 2018/2019 fiscal year. As at the end of January 2019, this amounted to $118.94 billion. Tax Revenue is expected to total an estimated $537.47 billion by the end of the March quarter. The reported tax revenue for the end of January 2019 was $433.45 billion.

As Jamaica aims to maintain fiscal discipline and macroeconomic stability, the Government forecasts a real GDP growth of 1.8% for FY2018/19 (above IMF’s target of 1.5%) where the budget is estimated to generate a primary surplus of $142.14 billion, which is equivalent to 7.0% of GDP. For FY 2019/20, the Government expects that the economy will grow by 6.0% in nominal terms, and 1.5% in real terms.

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	8.7

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	1,333,200	1,346,200	1,335,600	1,335,300

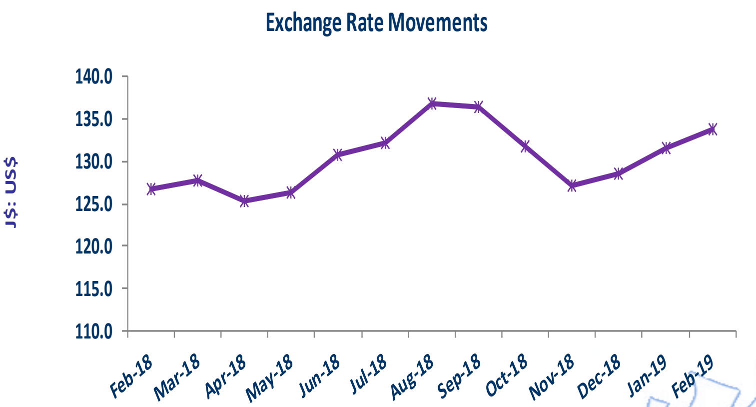


The Labour Force at October 2018, was 1,335,300 persons, a decrease of 0.91% compared to October 2017. The male labour force decreased by 2,000 to 718,700 persons in October 2018 while the female labour force decreased by 8,700 persons to 616,600 in October 2018. The Employed Labour Force for October 2018 was 1,219,700, which was 14,400 (1.2%) higher than in October 2017. The increase in employment for females was more than twice that of males. The number of employed males increased by 4,300 to 672,400 and employed females by 10,100 to 547,300. The unemployment rate for youth aged 14-24 years, was 24.9 per cent in October 2018 compared to 25.4 per cent in October 2017.

FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of February 2019. The JMD depreciated by $2.20 in January, to close the month at an average of $133.82 relative to the $131.62 recorded in January 2019. Year over year, the JMD has depreciated by approximately $7.05 or 5.56% relative to the $126.77 reported as at February 2018.



INTERNATIONAL FOREX

GBP/USD: The pair closed at **$1.3263** for the month of February. According to FX Empire, "The GBPUSD pair yesterday traded rangebound for the majority of yesterday's trading session but lost ground during American market hours once US GDP data hit the market. US Greenback gained strength in the broad market as positive preliminary GDP update improved sentiment around USD and also caused a spike in US treasury yields providing Dollar's rally with fundamental support. This caused the pair to see sharp decline which settled near mid-1.32 region where the pair traded rangebound across Asian market hours. Meanwhile, comments from UK Brexit Secretary Barclay and EU Chief Negotiator Brainer added to bearish sentiment surrounding British Pound."

EUR/USD: The pair closed the month at **$1.1371.** According to FX Empire, "The price for EURUSD pair for the month of February was dovish as predicted in my previous monthly forecast. While the pair closed on a dovish note, the decline wasn't as steep as expected owing to conflicting headlines that hit the market across the month. However, as expected the price action in the global forex market was highly dominated by the proceedings of geopolitical events. Sino-U.S. trade talks and Brexit proceedings had greater say in the overall price action despite there being other significant factors that helped set directional bias. Meanwhile, a look at the weekly chart shows that price action still remains trapped in wider rangebound price limits. The pair has over the course of the last five months been trapped in the price range of 1.12125 to 1.15679 within which the pair has been trading in a zig-zag pattern with multiple dead cat bounce scenarios which could have become a breakout had the attempt to breach been successful. The pair is seeing strong support and resistance around 1.12339 to the downside and 1.15140 to the upside within the wider price band mentioned earlier hindering a clear breakout in price action."

February 1-28				
Currency Pair	**Open**	**High**	**Low**	**Close**
GBP/USD	1.4264	1.4339	1.2487	1.3263
USD/CAD	1.2268	1.3638	1.2268	1.3172
EUR/USD	1.2510	1.2510	1.1218	1.1371
USD/JPY	109.40	114.53	104.74	111.39

USD/CAD: The CAD depreciated against the USD during the month of February by 7.4% to close at $1.3172.

OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date
01-Feb-19	28 Days	3.00%	N/A	Fixed	01-Mar-19
15-Feb-19	28 Days	3.00%	N/A	Fixed	15-Mar-19

The Bank of Jamaica issued two Certificates of Deposits during the month of February 2019.

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 percent in February on a seasonally adjusted basis after being unchanged in January. Over the last 12 months, the all items index increased 1.5 percent before seasonal adjustment. The indexes for shelter and food increased, and the gasoline index rose after recent declines to result in the seasonally adjusted all items increase. The food index rose 0.4 percent, its largest monthly increase since May 2014, as both the food at home and food away from home indexes increased. The gasoline index rose 1.5 percent in February, following three consecutive monthly declines, resulting in the energy index rising 0.4 percent despite declines in the electricity and natural gas indexes. The index for all items less food and energy increased 0.1 percent in February after rising 0.2 percent in January. Along with the shelter index, the indexes for personal care, apparel, and education all increased. The indexes for recreation, medical care, used cars and trucks, and new vehicles all declined in February."

EURO Zone: According to the *European Union's statistics office*, "The euro area annual inflation rate was 1.5% in February 2019, up from 1.4% in January 2019. A year earlier, the rate was 1.1%. European Union annual inflation was 1.6% in February 2019, up from 1.5% in January 2019. A year earlier, the rate was 1.4%. These figures are published by Eurostat, the statistical office of the European Union. The lowest annual rates were registered in Ireland (0.7%), Greece, Croatia and Cyprus (all 0.8%). The highest annual rates were recorded in Romania (4.0%), Hungary (3.2%) and Latvia (2.8%). Compared with January 2019, annual inflation fell in seven Member States, remained stable in one and rose in nineteen. In February 2019, the highest contribution to the annual euro area inflation rate came from services (+0.61 percentage points, pp), followed by food, alcohol & tobacco (+0.44 pp), energy (+0.35 pp) and non-energy industrial goods (+0.09 pp)."

Commodity: According to the *World Bank,* "Commodity prices rose in February, with energy commodities rebounding 4.9% and non-energy commodities gaining 1.8%. The agriculture index changed slightly while metals and minerals rose 5.7%.

CARICOM:

Trindad & Tobago- *According to The Central Bank of Trinidad and Tobago,* "In Trinidad and Tobago, the energy-based recovery continued into the third quarter of 2018, but at a slower pace than the first half of the year. The observed decline in crude oil production was consistent with the maturation of the oil fields. While natural gas output rose, the recorded (year-on-year) growth rate in the third quarter was small relative to the previous two quarters; this reflected the impact of the third quarter 2017 start of bpTT's Juniper project on natural gas production. On the other hand, the unemployment rate increased to 4.4 per cent in the fourth quarter of 2017. This reflected a reduction of 12 thousand in the number of persons employed, accompanied by a decrease in the labour force of approximately 7.6 thousand persons. There is likely to be further softening of employment conditions in 2018, given job losses following the closure of the Petrotrin refinery and reported job losses in the communications sector."

Barbados– *According to The Central Bank of Barbados*, "Real economic activity contracted by an estimated 0.6% in 2018, as moderate gains in tourism were outweighed by the fall-off in manufacturing and other services. The international reserves, which were declining since the end of December 2012, increased by $576.3 million to $1.05 billion at year-end. This outcome was initially influenced by improved availability of foreign exchange (FX) that allowed FX dealers to increase their sales of foreign exchange to the Central Bank and by the savings from the suspension of debt service, which enabled reserves to stabilise, particularly during the middle of the year when they were critically low. The improved performance of the foreign exchange market reflected higher net private sector inflows and a modest improvement in the external current account deficit to 3.8% of GDP. Rising tourism earnings aided in narrowing the deficit, as the sector benefitted from higher arrivals and improved room rates. Domestic exports were flat while Total imports fell just under 2%, as non-oil purchases declined for the second consecutive year."