



LOCAL ECONOMY

TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

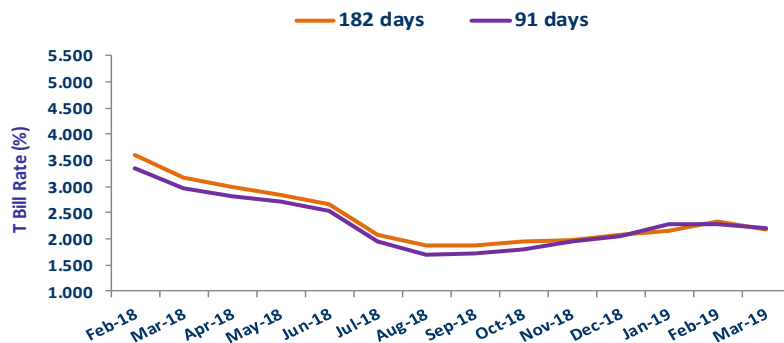
Treasury Bills:

For the month of March 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\$1.26 billion and J\$731.86 million for the 90-day and 180-day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 2.19%, down 7 basis points compared to February, whilst the 182-day treasury bill auction resulted in the average yield of 2.17%, down 15 basis points relative to February's outturn. Notably, the average yields on the 91-day decreased by 78 basis points compared to the auctions in 2018 for the comparable period. The 182-day treasury bills also declined by 100 basis points relative to the corresponding auctions in 2018. (Refer to the graph on the right).

Producer Price Index:

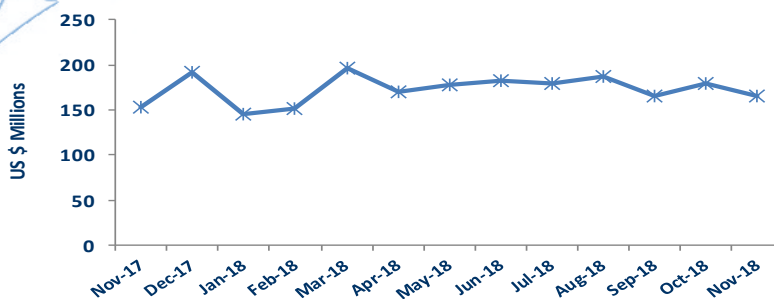
The Producer Price Index (PPI) for the Mining and Quarrying industry increased by 2.1% for the month of February 2019 according to the Statistical Institute of Jamaica (STATIN). This upward movement was primarily due increases in the index for the major groups 'Bauxite Mining & Alumina Processing' and 'Other Mining & Quarrying' by 2.2% and 0.6% respectively. The Manufacturing industry also registered an increase of 2.3% for the month of February. The main contributors to this movement was the upward movement in the index for the major groups 'Refined Petroleum Products' by 12.4%. The index for group 'Food, Beverages & Tobacco' also rose by 0.2%.

According to STATIN, "For the fiscal year-to-date, April 2018 to February 2019, the index for the Mining & Quarrying and the Manufacturing industry recorded increases of 6.6% and 3.2% respectively". There was an increase of 6.7% in the point-to-point movement in the index for the Mining & Quarrying industry for February 2018 to February 2019.



Stopover Arrivals by Market Region					
Country	February 2019	Share %	February 2018	Share %	Change %
U.S.A.	139,843	63.6%	116,512	60.2%	20.0%
Canada	44,369	20.2%	41,925	21.7%	5.8%
Europe	27,680	12.6%	27,106	14.0%	2.1%
Latin America	2,927	1.3%	3,023	1.6%	-3.2%
Caribbean	4,033	1.8%	3,919	2.0%	2.9%
Asia	722	0.3%	640	0.3%	12.8%
Others	472	0.2%	450	0.2%	4.9%
Total	220,046	100.0%	193,575	100.0%	13.7%

Net Remittance



TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in February 2019 amounted to 220,046 an increase of 13.7% when compared to 193,575 recorded February 2018.

Stopover arrivals from the U.S. market increased by 20% in February 2019 with a total of 139,843 arrivals compared to 116,512 arrivals in February 2018.

The Canadian market recorded an increase in arrivals of 5.8% with arrivals amounting to 44,369 relative to 41,925 in February of last year.

The European market region recorded an increase in arrivals by 2.1% to total 27,680 stopover arrivals in February 2019, relative to 27,106 recorded for February 2018.

Arrivals from Latin America also recorded a decrease of 3.2% with a total of 2,927 stopovers relative to 3,023 recorded in February 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%).

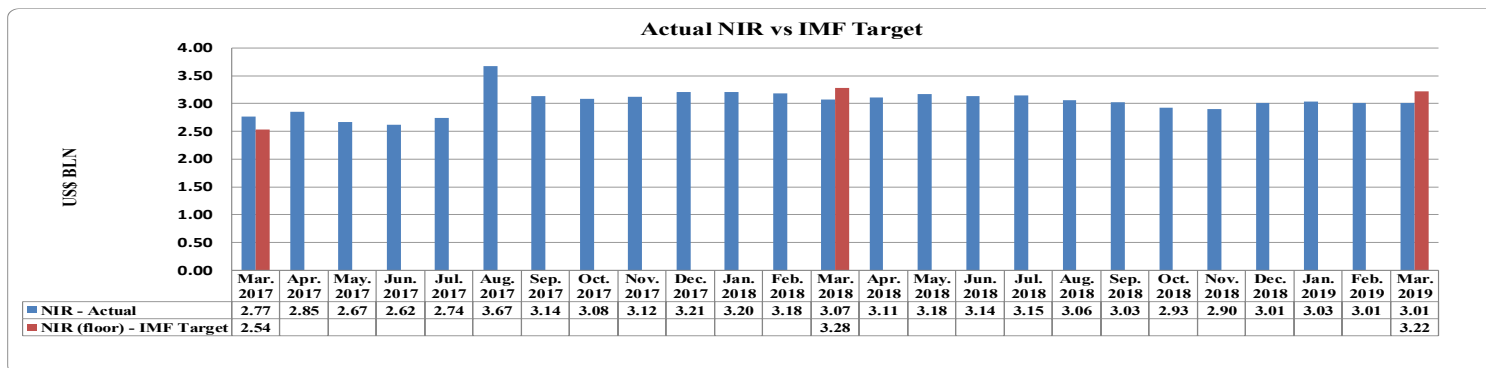
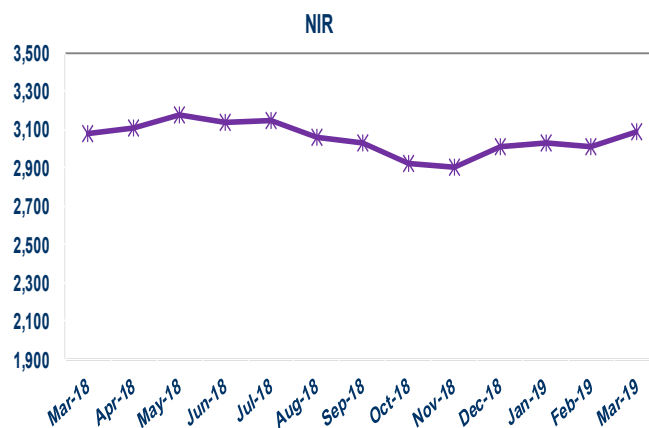


NET INTERNATIONAL RESERVES

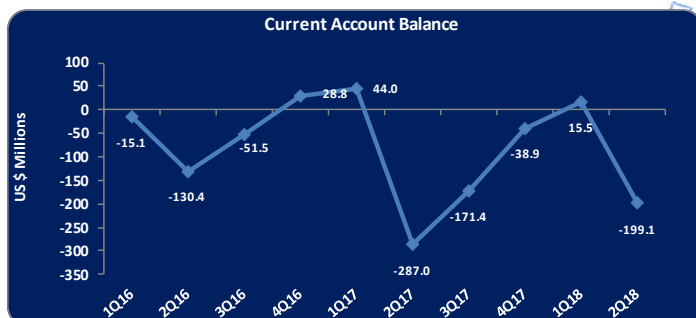
Jamaica's Net International Reserves (NIR) totaled US\$3.08 billion as at March 2019, reflecting an increase of US\$77.34 million relative to the US\$3.01 billion reported as at the end of February 2019 (see figure 1).

Changes in the NIR resulted from an increase in Foreign Assets of US\$68.34 million to total US\$3.61 billion compared to the US\$3.54 billion reported for February 2019. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at March 2019 totaled US\$3.04 billion reflecting an increase of US\$59.61 million compared to US\$2.98 billion booked as at February 2019.

'Securities' amounted to US\$328.17 million; US\$10.42 million more the US\$317.75 million reported in February 2019. Foreign Liabilities for March 2019 amounted to US\$520.35 million compared to the US\$529.35 million reported for February 2019. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$9.00 million increase month over month from February 2019.



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.

CONSUMER PRICE INDEX

The consumer price index for the month of March 2019 recorded an inflation rate of 0.8%, following a 0.1% increase in its index for February 2019, according to The Statistical Institute of Jamaica (STATIN). The Consumer Price Index for the month of March rose to 256.5, relative to the 254.3 reported for February 2019. This movement was largely attributed to the upward movements in the divisions, 'Food and Non-Alcoholic Beverages' by 0.9% and 'Housing, Water, Electricity, Gas and Other Fuels' by 1.5%. The 'Transport' division also contributed to March's inflation with an increase of 1.1% in its index. Inflation within the Greater Kingston Metropolitan Area and Other Urban Centres both increased by 1.0% while Rural Areas advanced by 0.6%.

The index for the 'Food and Non-Alcoholic Beverages' division recorded a 0.9% increase in its index for March 2019, following a 0.7% increase for February 2019. This resulted from the upward movements within the groups 'Food' and 'Non-Alcoholic Beverages' by 1.0% and 0.2% respectively. Within the 'Food' group, the class 'Vegetables' increased 4.1% as a result of "higher prices for produce such as sweet pepper, cabbage, carrot" while the class 'Starchy Foods' fell by 0.8%. 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 0.3 and 0.2% respectively.

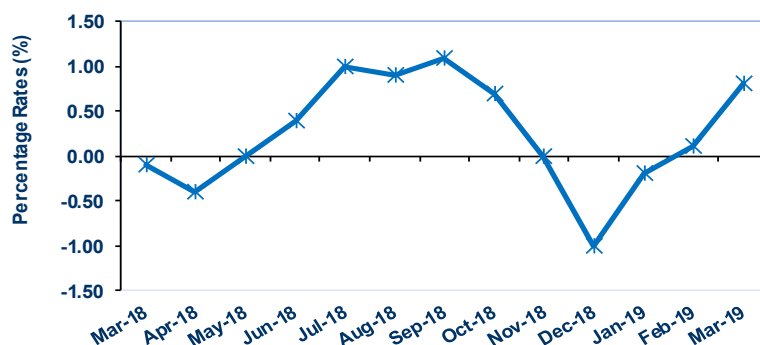
The movement in the index for the fiscal year-to-date was 3.4%. The calendar year-to-date inflation rate was 0.7%.

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 com-

Monthly Inflation Rate from March 2018 to March 2019



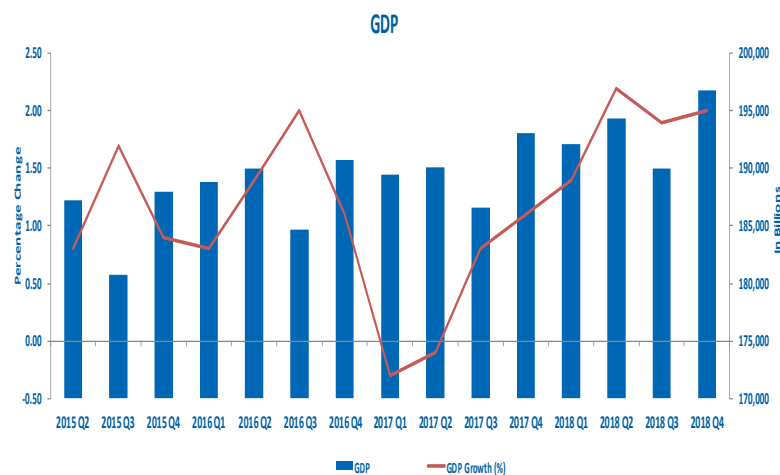


GROSS DOMESTIC PRODUCT

The latest data from the Statistical Institute of Jamaica indicated, “Total value added at constant prices for the Jamaican economy grew by 2.0% in the fourth quarter of 2018 when compared to the similar quarter of 2017.” This resulted from improved performances in both the Goods Producing Industries (4.9%) and the Services Industries (1.0%)”

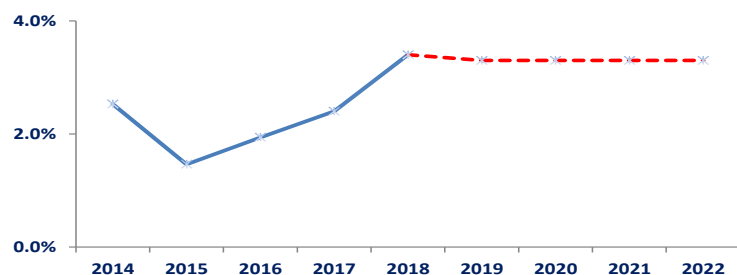
All industries within the Services Industries recorded higher levels of output with the exception of Electricity & Water Supply which declined by 0.3% for the review period. Increases in value added were recorded for: Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (1.6%), Hotels & Restaurants (2.8%), Transport, Storage & Communication (1.9%), Finance & Insurance Services (0.8%), Real Estate, Renting & Business Activities (0.7%) and Other Services (0.8%).

STATIN reports, The positive performance of the Goods Producing Industries was due to increased output in Mining & Quarrying (25.0%), Agriculture, Forestry & Fishing (3.1%), Manufacturing (2.0%) and Construction (3.7%). “The Agriculture, Forestry & Fishing industry was impacted by favourable weather conditions which resulted in higher crop yields. The reopening of Jiuquan Iron and Steel Company (JISCO) Alport refinery was the main contributor to the growth in the Mining & Quarrying industry.”



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



Total Expenditure for the period April 2018 to February 2019 amounted to \$539.10 billion, \$11.97 billion or 2.2% less than the budgeted \$551.07 billion. Recurrent expenditure which totalled \$483.63 billion, accounted for 89.71% of overall expenditures. Relative to projections, recurrent expenditure was \$10.59 billion (2.1%) less than budgeted. ‘Programmes’ which amounted to \$181.86 billion was \$5.84 billion or 3.1% less than projected, while ‘Employee Contribution’ which amounted to \$14.26 billion for the period was under budget by 5.7% relative to the budgeted \$15.12 billion. ‘Compensation of Employees’ amounted to \$182.73 billion, \$240.7 million or 0.1% less than projected. While, ‘Wages & Salaries’ amounted to \$168.47 billion, 0.4% more than projected.

As a result of the decrease in Expenditures for the period April 2018 to February 2019, the ‘Fiscal Surplus’ was \$5.92 billion, relative to a projected deficit of \$14.21 billion. Additionally, the primary balance for the period amounted to \$124.96 billion, 14.3% 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%.

LABOUR FORCE

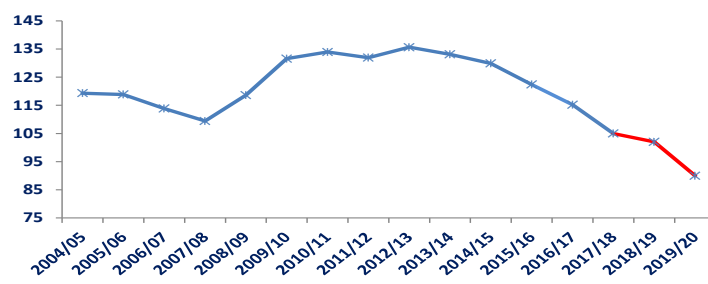
Unemployment Rate (%)	January Q1	April Q2	July Q3	October Q4
2015	14.2	13.2	13.1	13.5
2016	13.3	13.7	12.9	12.9
2017	12.7	11.3	11.3	10.4
2018	9.6	9.8	8.4	8.7
2019	8.0			

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	1,346,800
2018	1,331,800	1,345,900	1,334,700	1,334,900
2019	1,340,200			

The Labour Force at January 2019, was 1,340,200 persons, an increase of 0.63% compared to January 2018. The male labour force decreased by 1,500 to 717,000 persons in January 2019 while the female labour force increased by 6,800 persons to 623,200 in January 2019. The Employed Labour Force for January 2019 was 1,232,700, which was 28,600 (2.4%) higher than in January 2018. The increase in employment for females was more than twice that of males. The number of employed males increased by 9,500 to 673,500 and employed females by 19,100 to 559,200. The unemployment rate for youth aged 14-24 years, was 21.8 per cent in January 2019 compared to 23.7 per cent in January 2018.

DEBT TO GDP

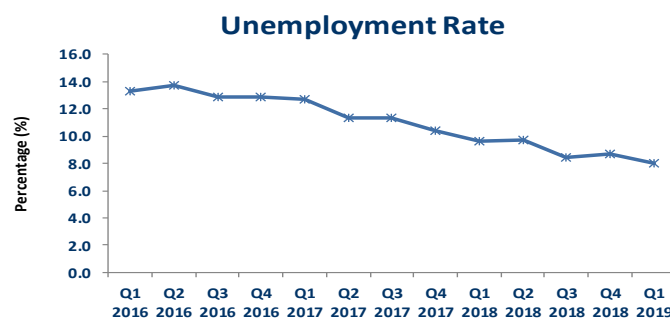
Total Debt to GDP (%)



Public Debt to GDP is projected to fall to 96.4% by the end of the 2018/2019 fiscal year. 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 at January 2019, Jamaica’s total debt stands at \$2.04 trillion.

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 February 2019, this amounted to \$124.96 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 February 2019 was \$475.15 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 1.4%) 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. IMF projects a real GDP of 1.7% for FY2019/20.

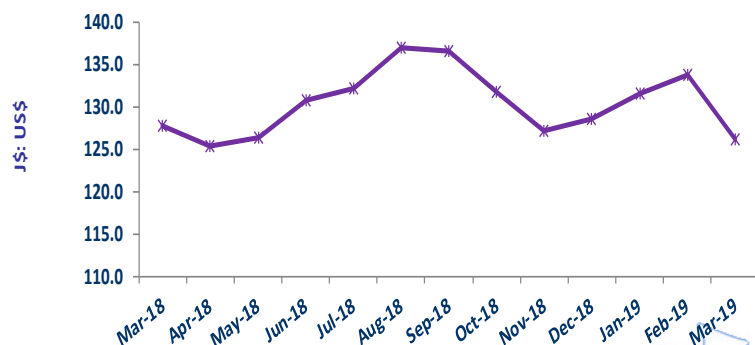




LOCAL FOREX

The Jamaican dollar appreciated against the USD for the month of March 2019. The JMD appreciated by \$7.70 in February, to close the month at an average of \$126.12 relative to the \$133.82 recorded in February 2019. Year over year, the JMD has appreciated by approximately \$1.60 or 1.25% relative to the \$127.72 reported as at March 2018.

Exchange Rate Movements



OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/Maturity Date
01-Mar-19	28 Days	3.00%	N/A	Fixed	29-Mar-19

INTERNATIONAL ECONOMY

United States: According to the *U.S. Bureau of Labour Statistics*, "The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4 percent in March on a seasonally adjusted basis after rising 0.2 percent in February, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 1.9 percent before seasonal adjustment. The energy index increased 3.5 percent in March, accounting for about 60 percent of the seasonally adjusted all items monthly increase. The gasoline index increased sharply, and the electricity index also rose, although the natural gas index declined. The food index also increased in March, with the indexes for food at home and food away from home both continuing to rise. The index for all items less food and energy increased 0.1 percent in March, the same increase as in February. The indexes for shelter, medical care, new vehicles, recreation, education, and tobacco were among those that increased in March, while the indexes for apparel, used cars and trucks, and airline fares all declined."

EURO Zone: According to the *European Union's statistics office*, "The euro area annual inflation rate was 1.4% in March 2019, down from 1.5% in February 2019. A year earlier, the rate was 1.4%. European Union annual inflation was 1.6% in March 2019, stable compared to February 2019. A year earlier, the rate was 1.6%. These figures are published by Eurostat, the statistical office of the European Union. The lowest annual rates were registered in Portugal (0.8%) and Greece (1.0%). The highest annual rates were recorded in Romania (4.2%), Hungary (3.8%) and the Netherlands (2.9%). Compared with February 2019, annual inflation fell in six Member States, remained stable in two and rose in nineteen. In March 2019, the highest contribution to the annual euro area inflation rate came from energy (+0.52 percentage points, pp), followed by services (+0.51 pp), food, alcohol & tobacco (+0.34 pp) and non-energy industrial goods (+0.04 pp)."

Commodity: According to the *World Bank*, "Commodity prices fell in March, with energy commodities rebounding 3.3% and non-energy commodities dropped 0.3%. The agriculture index declined 0.9 percent while metals and minerals rose 1.2%."

INTERNATIONAL FOREX

GBP/USD: The pair closed at **\$1.3035** for the month of March. According to FX Empire, "The GBPUSD pair on Friday saw two-way price action and closed on a dovish note. While improving risk appetite in the broad market helped the pair move sharply in the upside towards the mid-1.31 handle, it found resistance near 1.3130 handle. However, news that the third vote on PM May's Brexit deal in UK parliament also ended against the government caused a fresh wave of weakness to ride the market. This resulted in the pair declining all the way from intra-day highs to intra-day lows of 1.2977 handle. The rejection of the third vote by UK lawmakers means that the UK has less than a month for preparing for Brexit unless they agree to participate in EU elections."

EUR/USD: The pair closed the month at **\$1.1218**. According to FX Empire, "The EURUSD pair saw highly volatile price swings during the month of March and closed on a dovish note. The price action was dominated by headlines driven momentum rather than influence from macro data updates albeit both factors having a significant impact on price action. Proceedings of geopolitical events had a great impact on EURO similar to trend from the recent past. However, rather than one-sided influence compared to early 2019, the month of March saw conflicting headlines which hampered progress for the pair in either direction. Hopes for positive progress in Brexit helped EURO climb higher in the early half of the month. The pair started on dovish note for March owing to lack of directional bias for EURO and broad-based strength of US Dollar. This caused the pair to decline below 1.12 handle but the pair rebound sharply and scaled back hold over 1.13 handle on Brexit headlines."

March 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3202	1.3338	1.3015	1.3035
USD/CAD	1.3297	1.3455	1.3297	1.3349
EUR/USD	1.1365	1.1413	1.1193	1.1218
USD/JPY	111.89	111.89	109.92	110.86

USD/CAD: The CAD depreciated against the USD during the month of March by 0.4% to close at \$1.3349.

The Bank of Jamaica issued one Certificate of Deposits during the month of March 2019.

CARICOM:

Belize- According to *The Central Bank of Belize*, "Belize's real GDP growth is projected to expand robustly in 2019, albeit at a slower rate of 2.8%. The economic expansion will be driven by growth in the primary and tertiary (services) sectors, while secondary activities decline. The Consumer Price Index (CPI) dipped by 0.2% in January compared to the same month in 2018. The lower price level was supported by a 6.4% reduction in "Transport", owing to lower international airfares, as well as marginal declines in other sub-indexes: "Furnishing, Household Equipment and Routine Household Maintenance" (1.1%), "Clothing and Footwear" (0.4%) and "Food and Non-Alcoholic Beverages" (0.1%). In January, Central Government's domestic debt rose by 1.2% to \$1,057.6mn as a result of a \$12.2mn increase in its Central Bank overdraft facility. During the month, the public sector external debt fell by 0.2% (\$6.1mn) to \$2,554.2mn, as principal payments of \$10.1mn outweighed disbursements of \$3.5mn and upward valuation adjustments of \$0.5mn."

Barbados- According to *The International Monetary Fund*, "Barbados continues to make good progress in implementing its ambitious and comprehensive economic reform program. All indicative targets for end-December under the EFF have been met. The program target for Net International Reserves was met by a wide margin, as was the target for the Central Bank of Barbados' Net Domestic Assets (NDA). The target for the primary surplus for end-December 2018 was also met by a wide margin. Good progress has been made in implementing end-December 2018 structural benchmarks under the EFF. Two key pieces of legislation—the Public Financial Management Act, and the Town and Country Planning Act—were adopted in early 2019. Preparation of the budget for FY2019/20 targeting a primary surplus of 6 percent of GDP is well underway. Full year effects of reforms set in motion during the current (2018/19) fiscal year, including the introduction of several new taxes and ongoing streamlining of public sector work force at state-owned enterprises, should help achieve this target. A detailed assessment of the budget will be made when it is finalized."

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