



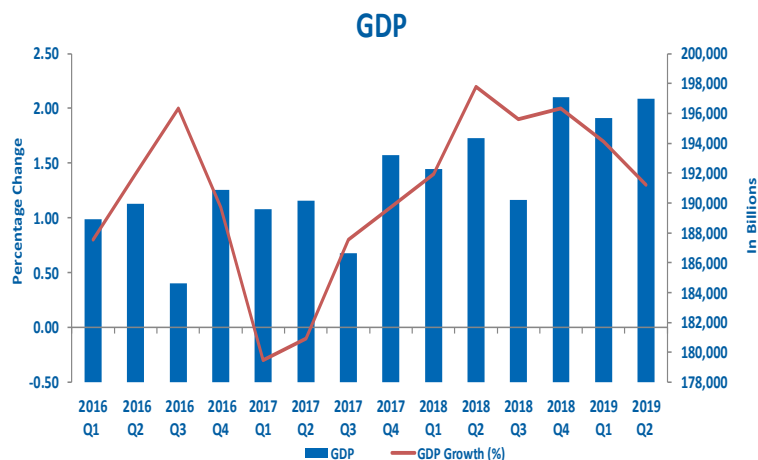
LOCAL ECONOMY

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 1.3% in the second quarter of 2019 when compared to the similar quarter of 2018.” This resulted from improved performances in both the Goods Producing Industries (0.6%) and the Services Industries (1.6%)”

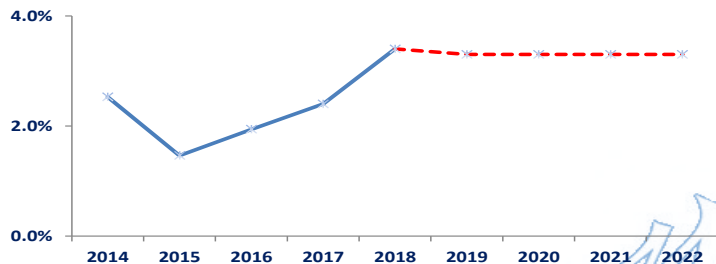
The positive performance of the Goods Producing Industries was due to higher levels of output in Manufacturing (3.3%) and Mining & Quarrying (4.6%). However, Agriculture, Forestry & Fishing declined by 1.7% and Construction by 1.4%. Growth in the Mining & Quarrying industry was mainly due to the rise in alumina production resulting from improvement in operations at the Alpart refinery.

STATIN reports, “there were improved performances in the Services Industries, with the exception of Electricity & Water Supply which declined by 0.1 per cent. Growth was recorded in: Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (1.0%); Hotels & Restaurants (5.8%), Transport, Storage & Communication (0.8%), Finance & Insurance Services (4.4 %), Real Estate, Renting & Business Activities 0.8 %), Producers of Government Services (0.3%) and Other Services (1.8%).”



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



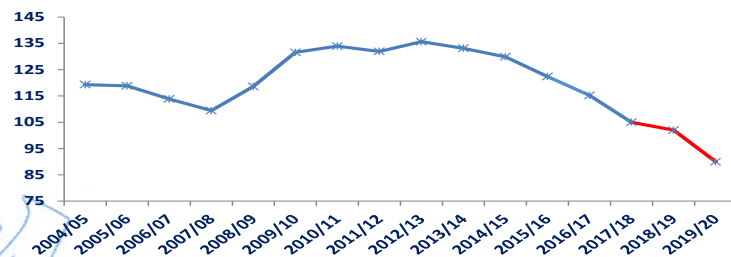
Total Expenditure for the period April to October 2019 amounted to \$350.74 billion, \$6.52 billion or 1.8% less than the budgeted \$357.26 billion. Recurrent expenditure which totalled \$319.47 billion, accounted for 91.09% of overall expenditures. Relative to projections, recurrent expenditure was \$5.69 billion (1.8%) less than budgeted. Of the recurrent expenditure categories for the review period, all categories were below the budgeted amount except ‘Wages and Salaries’. ‘Programmes’ which amounted to \$118.64 billion, was \$2.63 billion or 2.2% less than projected. Whereas, ‘Compensation of Employees’ which amounted to \$123.65 billion was \$274.30 million or 0.2% less than projected. In addition, ‘Employee Contribution’ totalled \$9.04 billion, 4.5% less than the budgeted amount of \$9.40 billion. However, Wages & Salaries’ amounted to \$114.61 billion and was \$150.80 million or 0.1% more than projected.

As a result of the decrease in Expenditures for the period April to October 2019, the ‘Fiscal Surplus’ was \$8.02 billion, relative to a projected deficit of \$2.89 billion. Additionally, the primary balance for the period amounted to \$85.21 billion, 10.5% 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

Total Debt to GDP (%)



Public Debt to GDP was 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 September 2019, Jamaica’s total debt stands at \$1.99 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 \$140.01 billion by the end of the 2019/2020 fiscal year. Up to the September quarter, a primary balance of \$35.70 billion was estimated. As at the end of October 2019, this amounted to \$85.21 billion. Tax Revenue is expected to total an estimate of \$570 billion by the end of the March quarter. The reported tax revenue for the end of October 2019 was \$317.58 billion.

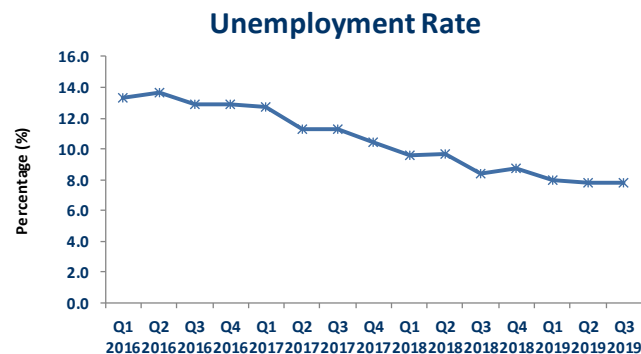
As Jamaica aims to maintain fiscal discipline and macroeconomic stability, the Government forecasts a real GDP growth of 1.8% for FY2018/19 (above IMF’s target of 1.4%) where the budget is estimated to generate a primary surplus of \$142.14 billion, which is equivalent to 7.0% of GDP. For FY 2019/20, 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.



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	7.8	7.8	

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	1,349,900	1,360,800	



The Labour Force at July 2019, was 1,360,800 persons, an increase of 2.0% compared to July 2018. The male labour force increased by 13,900 to 735,900 persons in July 2019 while the female labour force increased by 12,200 persons to 624,900 in July 2019. The Employed Labour Force for July 2019 was 1,254,100 which was 31,500 (2.6%) higher than in July 2018. Males accounted for 55.3 per cent of the employed labour force. For males, employment increased by 12,900 (1.9%) to 693,200 in July 2019. The number of employed females increased by 18,600 (3.4%) to 560,900 in July 2019. The unemployment rate for youth aged 14-24 years, was 20.2% in July 2019 compared to 22.2% in July 2018.

PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

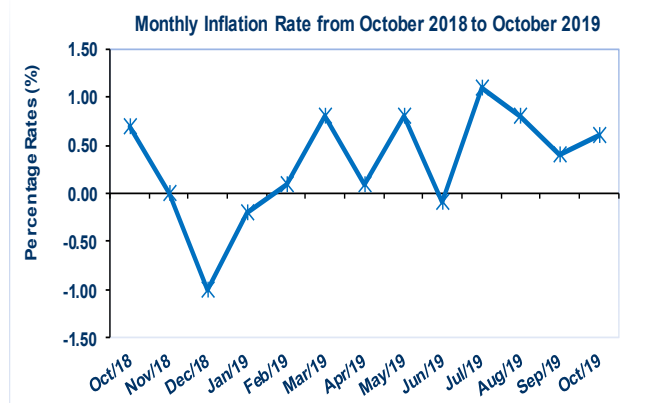
Producer Price Index:

“The Producer Price Index for the ‘Mining and Quarrying’ industry increased by 0.9%,” according to the Statistical Institute of Jamaica (STATIN). This increase in the index resulted from an upward movement of 1.0% in the index for the major group, ‘Bauxite Mining & Alumina Processing’.

The index for the ‘Manufacturing’ industry recorded a decrease of 0.6%. This was mainly attributed to a decline in the index for the major group ‘Refined Petroleum Products’ which fell by 3.4%.

The 2019/2020 fiscal year-to-date, the index for the Mining & Quarrying industry fell by 1.5% while, the index for the Manufacturing industry recorded an increase by 0.3%.”

For the point-to-point period October 2018 – October 2019, the index for the ‘Mining & Quarrying’ industry decreased by 25.9%.



Consumer Price Index:

The consumer price index for the month of November 2019 increased by 1.3%, following a 0.6% increase in its index for October 2019, according to the Statistical Institute of Jamaica (STATIN).

The index for the ‘Food and Non-Alcoholic Beverages’ division recorded a 2.8% increase in its index for November 2019. The ‘Food’ group recorded a 2.9% rise in its index due to the 9.1% increase in the class ‘Vegetables and Starch Foods’. According to STATIN the movement was linked to, “higher prices for agricultural items, such as cabbage, lettuce, carrot, sweet pepper and potato.”

The ‘Non-Alcoholic Beverages’ group the class ‘Mineral Water, Soft drinks, Fruits and Vegetable Juices’ registered a 0.3% growth in its index, as the classes ‘Coffee, Tea and Cocoa’ recorded an increase of 0.1%.

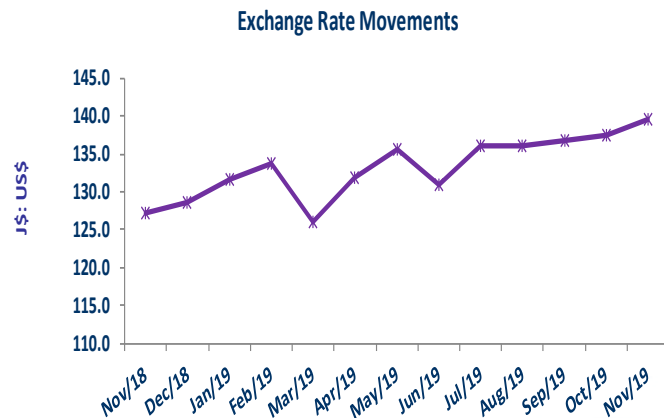
The index for the ‘Housing, Water, Electricity, Gas and Other Fuels’ division recorded a 1.2% decrease in its index for November 2019, following a 0.9% increase for October 2019. The movement was as a result of the group ‘Electricity, Gas and Other Fuels’ registering a 2.5% decline in its index due to “lower electricity rates”. However, the decrease was tempered by increased rate for water and sewage, which resulted in the index for ‘Water Supply and Miscellaneous Services Related to the Dwelling’ moving upwards by 1.1%. In addition, ‘Maintenance and Repair of Dwellings’ registered an increase of 0.5% and ‘Rentals for Housing’ which rose by 0.1%.

Notably, the division ‘Restaurants and Accommodation Services’ registered a 0.3% rise for November 2019, due to, “increased costs for accommodation and meals consumed away from home.” Lastly, a 0.5% expansion was documented in the ‘Transport’ division due to, “higher costs for some petrol and related products and higher prices for air travel.” Notably, the division ‘Communication’ had no effect on the index for November 2019.

FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of November 2019. The JMD depreciated by \$2.01 in November, to close the month at an average of \$139.52 relative to the \$137.51 recorded in October 2019. Year over year, the JMD has depreciated by approximately \$12.31 or 9.68% relative to the \$127.21 reported as at November 2018.



INTERNATIONAL FOREX

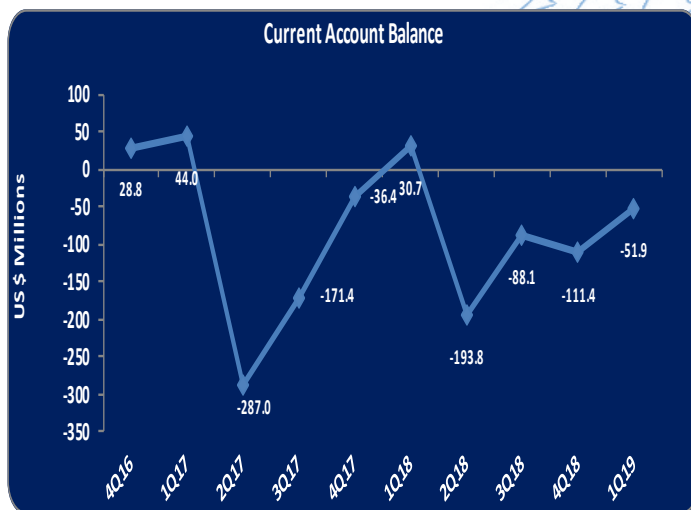
GBP/USD: The pair closed at **\$1.2925** for the month of November. According to FX Empire, "As the UK elections near, there is a good chance that volatility will rise in British financial markets. But the question remains if GBP/USD will break out of its consolidation. There is a pattern in the pound to dollar exchange rate in that it has been alternating between gains and losses for seven straight weeks now. This also means that the pair has been consolidating in a range for roughly the same time. What most traders will be contemplating now is if the pair will break out of this consolidation either ahead or after the elections."

EUR/USD: The pair closed the month at **\$1.1018**. According to FX Empire, "EUR/USD has fallen into a consolidation after a sharp rise in late trading on Friday. The pair was little moved following Manufacturing PMI data which showed a slight improvement overall. Several of the Euro area economies reported manufacturing figures in early trading on Monday. On balance, most of the economies showed a slight improvement. France is the only economy reporting today that held in expansionary territory. The report was upbeat with a rise in production and job creation. Spanish figures, while showing improvement, continue to remain a drag on the economy and will ultimately weigh on GDP. In Italy, manufacturing worsened as new export orders fell the most it has in nearly eight years."

November 1-30				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2946	1.2953	1.2774	1.2925
USD/CAD	1.3142	1.3304	1.3142	1.3282
EUR/USD	1.1166	1.1166	1.0999	1.1018
USD/JPY	108.19	109.54	108.19	109.49

USD/CAD: The CAD depreciated against the USD during the month of November by 1.1% to close at \$1.3282.

CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account deficit for the June 2019 quarter amounted to US\$51.90 million. This is compared to the US\$111.40 million deficit booked for the March quarter of 2019.

MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	Sep-18	Jun-19	Aug-19
Total Money Supply (M2*)	14.9	11.3	12.8
Total Money Supply (m2*) without new entrant			
Money Supply (M2J)	16.7	13.8	15.6
Money Supply (M2J) without new entrant			
Money Supply (M1J)	25.5	18.5	19.2
Currency with the public	15.2	13.0	14.6
Demand Deposits	33.6	22.5	22.4
Quasi Money	9.9	8.1	12.4
Savings Deposits	8.6	9.9	15.2
Time Deposits	14.8	1.8	3.4
Foreign Currency Deposits	12.2	9.0	7.1

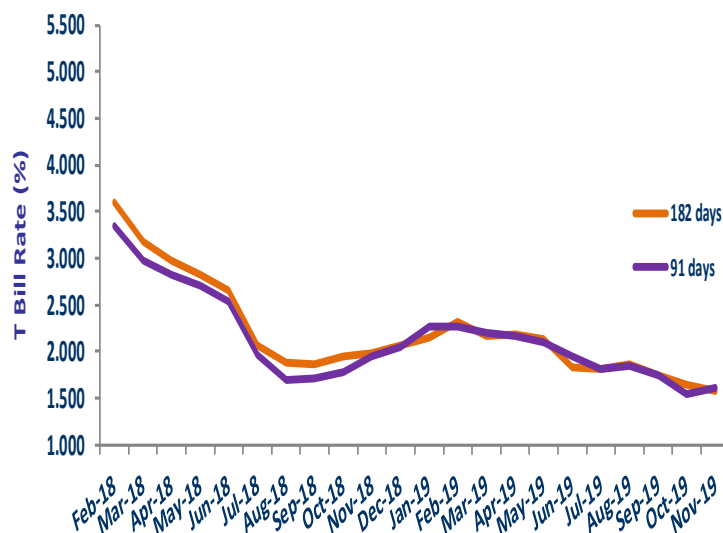
According to the latest data available from the Bank of Jamaica's quarterly report, "The monetary base and broad money (M2J) at September 2019 grew faster than previously forecasted. There was annual growth of 24.1% in the monetary base at end-September 2019, above the 20.3% growth recorded at end June 2019 and the 16.2% previously projected. Broad money supply (M2J) expanded by 11.4% at September 2019, below the 15.3% recorded at end-August 2019, but in line with the previous forecast of 11.2%."



Treasury Bills:

For the month of November applications for treasury bills exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J\$2.2 billion in treasury bills, while applications totaled J\$1.25 billion and J\$1.20 billion for the 90-day and 180 –day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 1.61%, down 6 basis points compared to October 2019, whilst the 182-day treasury bill auction resulted in the average yield of 1.58%, down 7 basis points relative to October's out-turn. Notably, the average yields on the 91-day decreased by 34 basis points compared to the auctions in 2018 for the comparable period. The 182-day treasury bills declined by 40 basis points relative to the corresponding auctions in 2018.(Refer to the graph on the right).

Treasury Bill Rates



OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date
02-Oct-19	28 Days	1.00%	N/A	Fixed	30-Oct-19
09-Oct-19	28 Days	1.00%	N/A	Fixed	06-Nov-19
23-Oct-19	28 Days	1.00%	N/A	Fixed	20-Nov-19
25-Oct-19	15 Years	5.80%	N/A	Fixed	29-Oct-34

The Bank of Jamaica issued no Certificate of Deposits during November 2019 relative to three Certificate of Deposits and a Fixed 5.80% Benchmark Investment Note during the month of October 2019.

TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in October 2019 amounted to 176,514 an increase of 8.6% when compared to 162,552 recorded October 2018.

Stopover arrivals from the U.S. market increased by 12.8% in October 2019 with a total of 119,544 arrivals compared to 106,020 arrivals in October 2018.

The Canadian market recorded declined in arrivals by 3.1% with arrivals amounting to 23,100 relative to 23,828 in October of last year.

The European market region recorded an increase in arrivals by 3.6% to total 24,568 stopover arrivals in October 2019, relative to 23,724 recorded for October 2018.

Arrivals from Latin America recorded a increase of 4.5% with a total of 2,743 stopovers relative to 2,626 recorded in October 2018 (see Tourist Arrivals table to the right).

Stopover Arrivals by Market Region					
Country	October 2019	Share %	October 2018	Share %	Change %
U.S.A.	119,544	67.7%	106,020	65.2%	12.8%
Canada	23,100	13.1%	23,828	14.7%	-3.1%
Europe	24,568	13.9%	23,724	14.6%	3.6%
Latin America	2,743	1.6%	2,626	1.6%	4.5%
Caribbean	5,554	3.1%	5,235	3.2%	6.1%
Asia	529	0.3%	697	0.4%	-24.1%
Others	476	0.3%	422	0.3%	12.8%
Total	176,514	100.0%	162,552	100.0%	8.6%



REMITTANCE

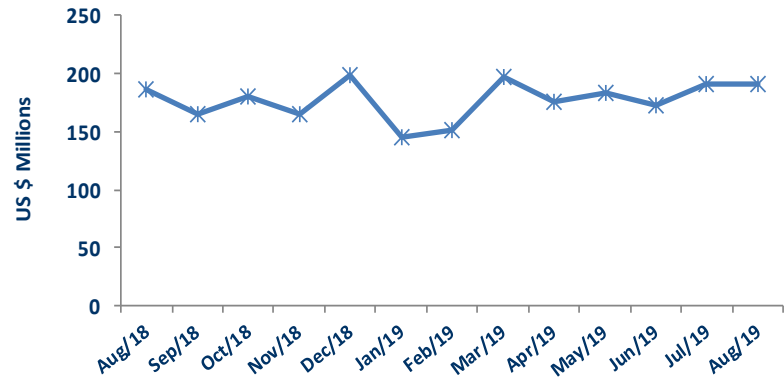
Latest data from the Bank of Jamaica (BOJ), for August 2019, showed net remittances were US\$191.60 million, an increase of US\$4.70 million relative to US\$186.90 million reported for the corresponding month of 2018.

For the period January 2019 to August 2019, net remittance inflows totalled US\$1.41 billion, relative to US\$1.39 billion for the corresponding period in 2018.

For August 2019, total inflows amounted to US\$213.70 million, while outflows totalled US\$22.10 million.

The largest source market of remittances to the island in August was USA with a share of 64.9%. The remaining remittances during the above mentioned month came from Canada (12.5%) followed by UK (10.4%) and Cayman Islands (6.7%).

Net Remittance



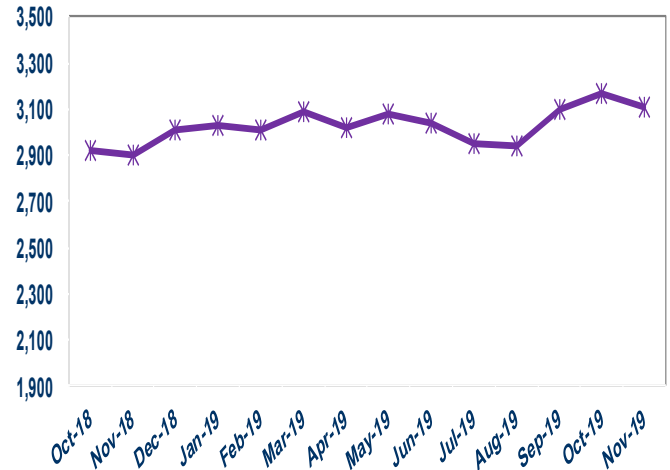
NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totaled US\$3,105.87 million as at November 2019, reflecting a decrease of US\$63.71 million relative to the US\$3,169.57 million reported as at the end of October 2019.

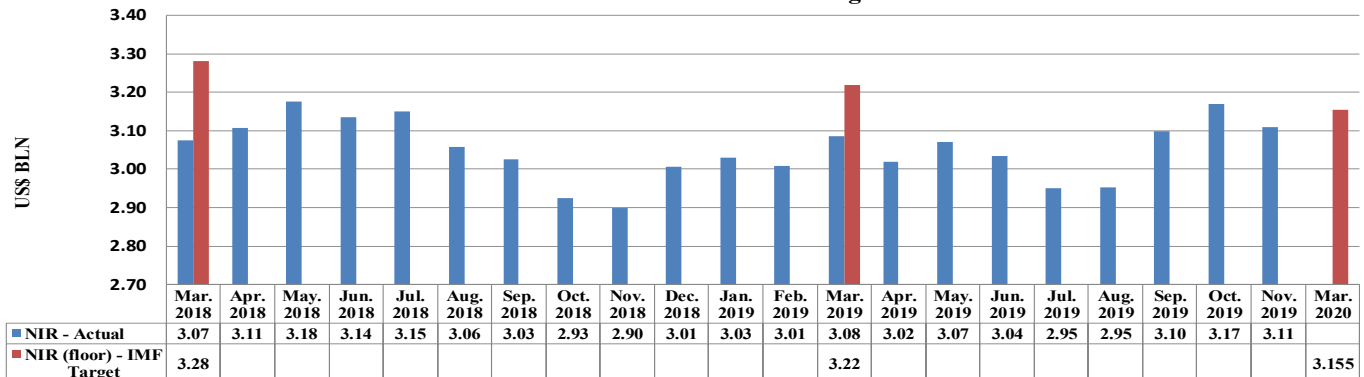
Changes in the NIR resulted from a decrease in Foreign Assets of US\$75.01 million to total US\$3,581.84 million compared to the US\$3,656.85 million reported for October 2019. 'Currency & Deposits' contributed the most to the decrease in Foreign Assets. 'Currency & Deposits' as at November 2019 totalled US\$3,035.36 million reflecting a decrease of US\$74.05 million compared to US\$3,109.41 million booked as at October 2019.

'Securities' amounted to US\$318.75 million; US\$3.58 million more the US\$315.18 million reported in October 2019. Foreign Liabilities for November 2019 amounted to US\$475.97 million compared to the US\$487.27 million reported for October 2019. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$11.30 million decrease month over month from October 2019.

NIR



Actual NIR vs IMF Target



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