

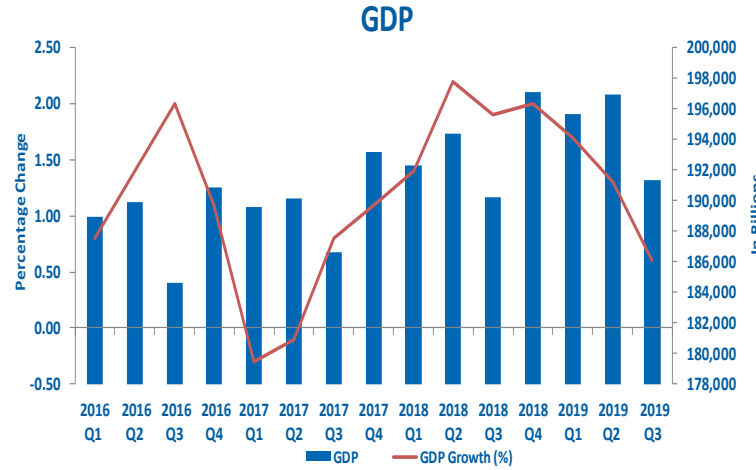
**LOCAL ECONOMY**

**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 0.6% in the third quarter of 2019 when compared to the similar quarter of 2018.” This resulted from improved performances in the Services Industries (1.2%) and a decline in the Goods Producing Industries (1.0%).”

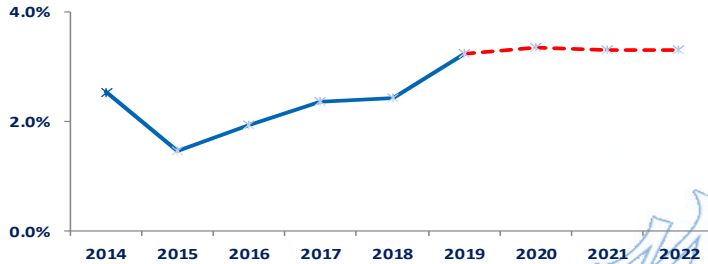
The positive performance of the Services Industries was due to growth achieved in all eight of the Services Industries. “Electricity & Water Supply (0.8%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (0.6%), Hotels & Restaurants (2.5%), Transport, Storage & Communication (1.2%), Finance & Insurance Services (3.4 %), Real Estate, Renting & Business Activities (0.9%), Producers of Government Services (0.4%) and Other Services (1.9 %),” STATIN indicated.

STATIN reports, “The decline in the Goods Producing Industries was due to lower levels of output in Agriculture, Forestry & Fishing (0.1 %), Mining & Quarrying (17.6%) and Construction (2.1%). However, Manufacturing grew by 4.9%. The performance of the Mining & Quarrying industry was largely due to the suspension of production in early September at the Jiuquan Iron and Steel Company (JISCO) Alpart refinery.”



**CAPITAL EXPENDITURE TO GDP**

**Capital Expenditure to GDP (%)**



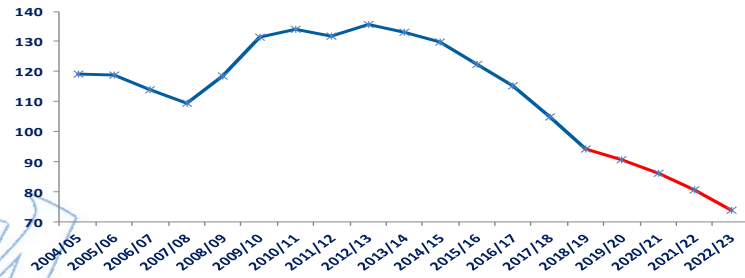
Total Expenditure for the period April to November 2019 amounted to \$393.53 billion, \$12.10 billion or 3.0% less than the budgeted \$405.63 billion. Recurrent expenditure which totalled \$360.37 billion, accounted for 91.58% of overall expenditures. Relative to projections, recurrent expenditure was \$6.68 billion (1.8%) less than budgeted. Of the recurrent expenditure categories for the review period, all categories were below the budgeted amount. ‘Programmes’ which amounted to \$136.69 billion, was \$3.25 billion or 2.3% less than projected. Whereas, ‘Compensation of Employees’ which amounted to \$141.04 billion was \$654.2 million or 0.5% less than projected. In addition, ‘Employee Contribution’ totalled \$10.21 billion, 4.6% less than the budgeted amount of \$10.71 billion. Wages & Salaries’ amounted to \$130.82 billion and was \$157.2 million or 0.1% less than projected.

As a result of the decrease in Expenditures for the period April to November 2019, the ‘Fiscal Surplus’ was \$11.43 billion, relative to a projected deficit of \$5.52 billion. Additionally, the primary balance for the period amounted to \$94.07 billion, 17.7% 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 fell to about 94.4% at the end of the 2018/2019 fiscal year. For the FY2019/20, Debt-to GDP is forecasted at 90.9%. Notably, the Government aims to bring the public debt to GDP down to 60% by FY 2025/26. As at October 2019, Jamaica’s total debt stands at \$1.97 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 November 2019, this amounted to \$94.07 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 November 2019 was \$361.11 billion.

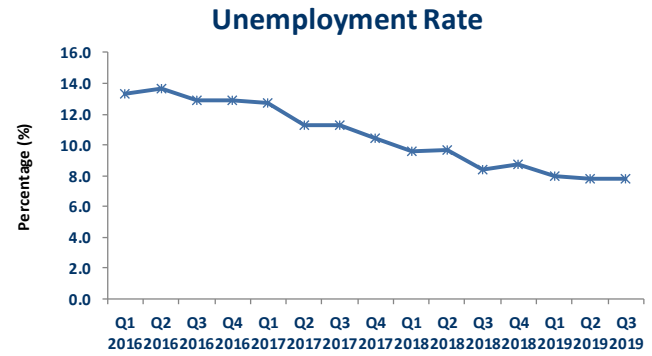
As Jamaica aims to maintain fiscal discipline and macroeconomic stability, the Government forecasts a real GDP growth of 1.8% for FY2018/19 (above IMF’s target of 1.4%) where the budget is estimated to generate a primary surplus of \$142.14 billion, which is equivalent to 7.0% of GDP. For FY 2019/20, 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 0.8% for FY2019/20 due to continued drought and the planned 18-24-month closure of the mining company Alpart for plant upgrades which started in early September 2019.



## 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

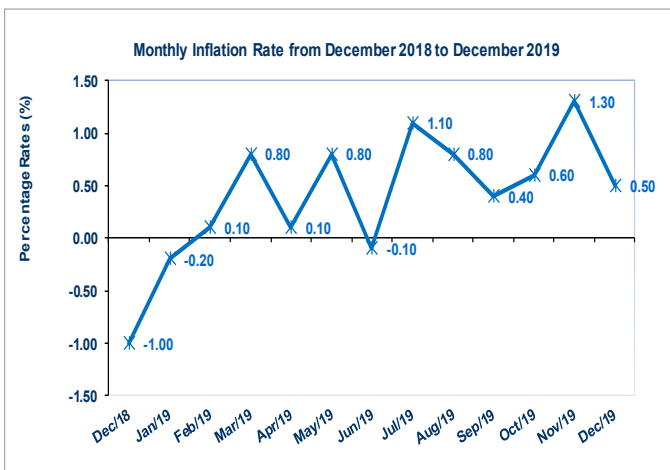
### Producer Price Index:

“The Producer Price Index for the ‘Mining and Quarrying’ industry increased by 0.4%,” according to the Statistical Institute of Jamaica (STATIN). This increase in the index resulted from an upward movement of 0.4% in the index for the major group, ‘Bauxite Mining & Alumina Processing’.

The index for the ‘Manufacturing’ industry recorded an increase of 0.4%. This was mainly attributed to upward trajectory in the index for the major group ‘Food Beverages and Tobacco’ which grew by 0.4%, ‘Wood, Wood Products & Furniture’ up by 3.5% and ‘Refined Petroleum Products’ increasing by 0.4%.

The 2019/2020 fiscal year-to-date, the index for the Mining & Quarrying industry fell by 1.1% while, the index for the Manufacturing industry recorded an increase by 0.7%.”

For the point-to-point period November 2018 – November 2019, the index for the ‘Mining & Quarrying’ industry decreased by 23.2%, due mainly to a fall in the index for the major group ‘Bauxite & Alumina Processing’ of 24.2%.



### Consumer Price Index:

The consumer price index for the month of December 2019 increased by 0.5%, following a 1.3% increase in its index for November 2019, according to the Statistical Institute of Jamaica (STATIN).

The index for the ‘Food and Non-Alcoholic Beverages’ division recorded a 0.5% increase in its index for December 2019. The ‘Food’ group recorded a 0.5% rise in its index due to the 0.7% increase in the class ‘Vegetables and Starch Foods’. According to STATIN, the movement was linked to, “higher prices for agricultural items, such as cabbage, carrot and tomatoes.” Other increases were recorded for the following classes: ‘Meat’ (0.5%), and ‘Sugar, Jam, Honey, Chocolate and Confectionery’(1.6%). From the ‘Non-Alcoholic Beverages’ group, the class ‘Mineral Water, Soft drinks, Fruits and Vegetable Juices’ registered a 0.2% 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 1.5% increase in its index for December 2019, following a 1.2% increase for November 2019. The movement was as a result of the group ‘Electricity, Gas and Other Fuels’ registering a 2.4% increase in its index due to “higher electricity rates”. In addition, the increased rate for water and sewage also contributed to the upward movement, as the index for ‘Water Supply and Miscellaneous Services Related to the Dwelling’ moved upwards by 1.3%.

Notably, the division ‘Restaurants and Accommodation Services’ registered a 0.1% rise for December 2019. STATIN stated that, “meals consumed away from home continued to be the main contributor to the increases in this division.” In addition, the division ‘Communication’ and ‘Education’ had no effect on the index for December 2019.

The movement in the index for the fiscal year-to-date was 5.5%. The calendar year-to-date inflation rate was 6.2%.



# FOREIGN EXCHANGE MARKET

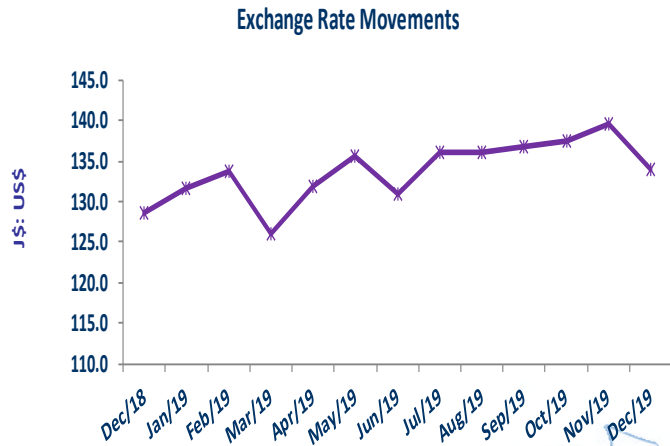
## LOCAL FOREX

## INTERNATIONAL FOREX

The Jamaican dollar appreciated against the USD for the month of December 2019. The JMD appreciated by \$5.58 in December, to close the month at an average of \$133.94 relative to the \$139.52 recorded in November 2019. Year over year, the JMD has depreciated by approximately \$5.41 or 4.21% relative to the \$128.53 reported as at December 2018.

**GBP/USD:** The pair closed at **\$1.3257** for the month of December. According to FX Empire, “The latest UK manufacturing PMI declined to 47.5 as the contraction in manufacturing accelerated. Sterling has eased back from its recent highs although GBP/USD appears to be weighed by a recovery in the greenback. The dollar index (DXY) has been under pressure as of late and has posted six consecutive days of losses. The recovery in the pair was met with resistance from a trendline that connects the October lows with lows posted in November. This trendline broke down shortly after the UK election. This trendline remains upside resistance for the pair in the week ahead, with further resistance coming in at the 1.3300 price point.”

**EUR/USD:** The pair closed the month at **\$1.1213**. According to FX Empire, “this movement was likely fuelled by traders who continue to react positively to Phase One of the U.S.-China trade deal, announced on December 13. The US-China trade war is dying down. That means economies should recover, but at different paces. Inflation seems to have bottomed. As it accelerates, countries are less likely to cut rates (which tends towards convergence, as rates can only be cut just so far) and maybe, possibly, conceivably some countries could start thinking about hiking rates, which would encourage monetary policy divergence.”

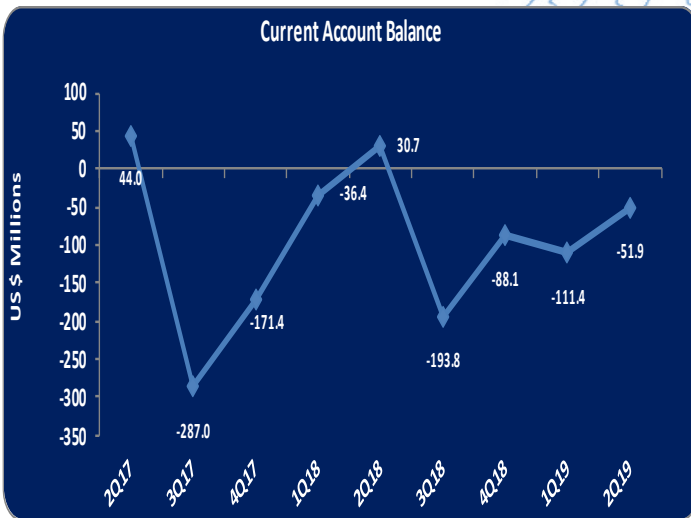


December 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2939	1.3332	1.2936	1.3257
USD/CAD	1.3308	1.3308	1.2990	1.2990
EUR/USD	1.1079	1.1213	1.106	1.1213
USD/JPY	108.98	109.63	108.56	108.61

**USD/CAD:** The CAD appreciated against the USD during the month of December by 2.4% to close at \$1.2990.

## CURRENT ACCOUNT BALANCE

## 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			
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

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.

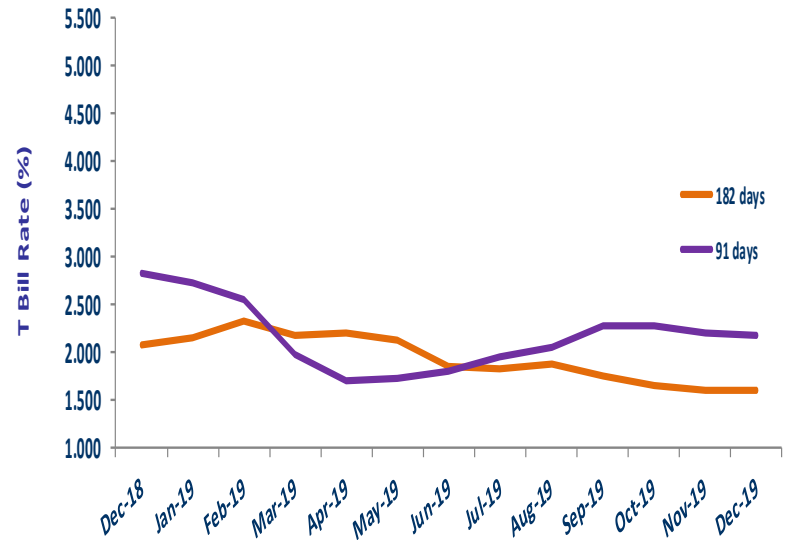
According to the latest data available from the Bank of Jamaica’s quarterly report, “The monetary base and broad money (M2J) at September 2019 grew faster than previously forecasted. There was annual growth of 24.1% in the monetary base at end-September 2019, above the 20.3% growth recorded at end June 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 December 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\$1.57 billion and J\$922.03 million for the 90-day and 180 –day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 1.32%, down 29 basis points compared to November 2019, whilst the 182-day treasury bill auction resulted in the average yield of 1.60%, up 2 basis points relative to November’s outturn. Notably, the average yields on the 91-day decreased by 73 basis points compared to the auctions in 2018 for the comparable period. The 182-day treasury bills declined by 47 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
11-Dec-19	28 Days	1.00%	N/A	Fixed	08-Jan-20

The Bank of Jamaica issued one Certificate of Deposits during December 2019 relative to no Certificate of Deposit issued during the month of November 2019.

### TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in November 2019 amounted to 202,783 an increase of 3.2% when compared to 196,546 recorded November 2018.

Stopover arrivals from the U.S. market increased by 7.8% in November 2019 with a total of 134,614 arrivals compared to 124,886 arrivals in November 2018.

The Canadian market recorded a decline in arrivals by 1.4% with arrivals amounting to 33,248 relative to 33,719 in November of last year.

The European market region recorded a decrease in arrivals by 9.4% to total 26,397 stopover arrivals in November 2019, relative to 29,151 recorded for November 2018.

Arrivals from Latin America recorded an increase of 2.2% with a total of 2,660 stopovers relative to 2,604 recorded in November 2018 (see Tourist Arrivals table to the right).

Country	Stopover Arrivals by Market Region				
	November 2019	Share %	November 2018	Share %	Change %
U.S.A.	134,614	66.4%	124,886	63.5%	7.8%
Canada	33,248	16.4%	33,719	17.2%	-1.4%
Europe	26,397	13.0%	29,151	14.8%	-9.4%
Latin America	2,660	1.3%	2,604	1.3%	2.2%
Caribbean	4,707	2.3%	5,037	2.6%	-6.6%
Asia	773	0.4%	621	0.3%	24.5%
Others	384	0.2%	528	0.3%	-27.3%
Total	202,783	100.0%	196,546	100.0%	3.2%





## REMITTANCE

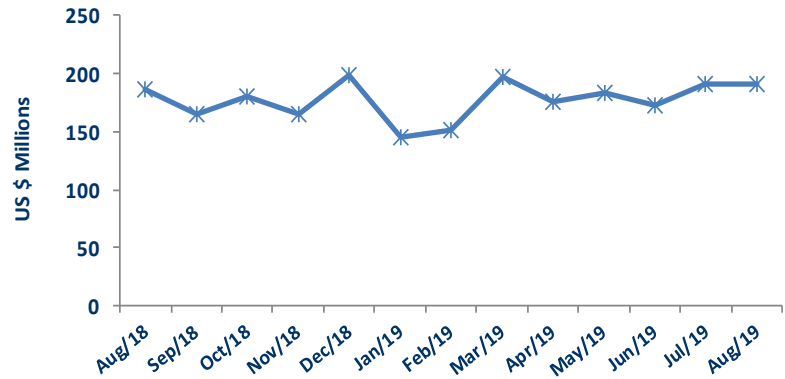
Latest data from the Bank of Jamaica (BOJ), for August 2019, showed net remittances were US\$191.60 million, an increase of US\$4.70 million relative to US\$186.90 million reported for the corresponding month of 2018.

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



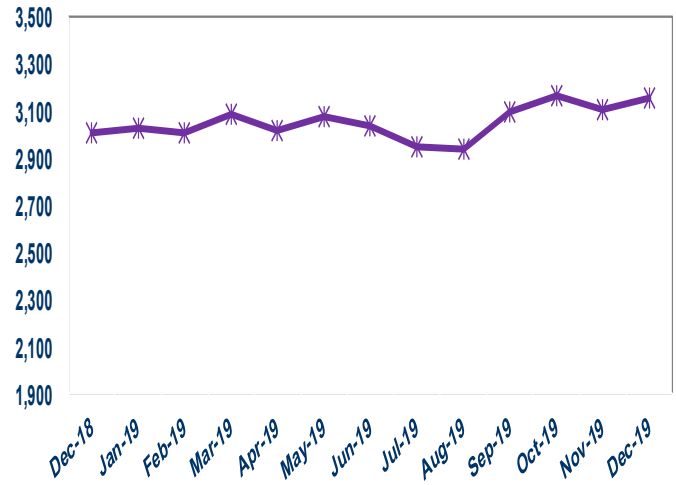
## NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totaled US\$3,162.53 million as at December 2019, reflecting an increase of US\$56.67 million relative to the US\$3,105.87 million reported as at the end of November 2019.

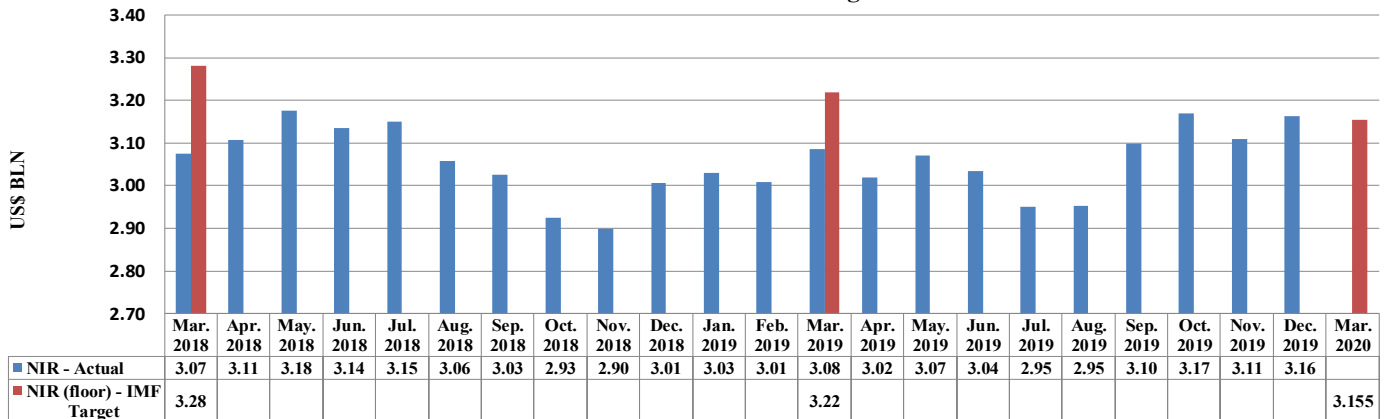
Changes in the NIR resulted from an increase in Foreign Assets of US\$49.25 million to total US\$3,631.09 million compared to the US\$3,581.84 million reported for November 2019. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at December 2019 totalled US\$3,082.00 million reflecting an increase of US\$46.64 million compared to US\$3,035.36 million booked as at November 2019.

'Securities' amounted to US\$319.71 million; US\$0.96 million more the US\$318.75 million reported in November 2019. Foreign Liabilities for December 2019 amounted to US\$468.55 million compared to the US\$475.97 million reported for November 2019. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$7.42 million decrease month over month from November 2019.

NIR



Actual NIR vs IMF Target



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