

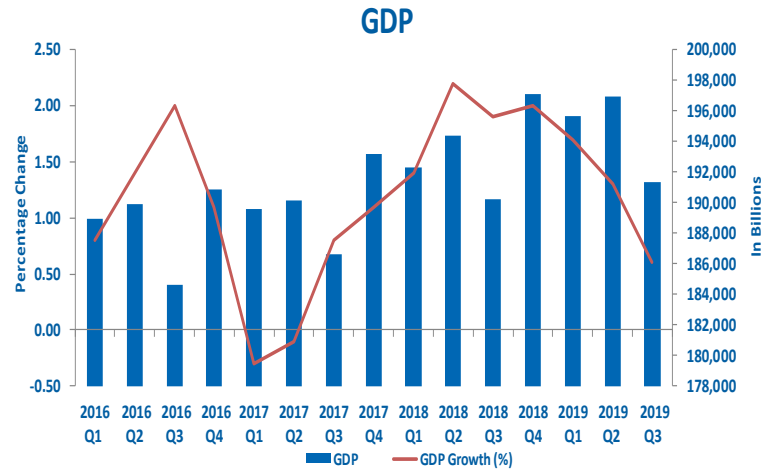
**LOCAL ECONOMY**

**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%).”

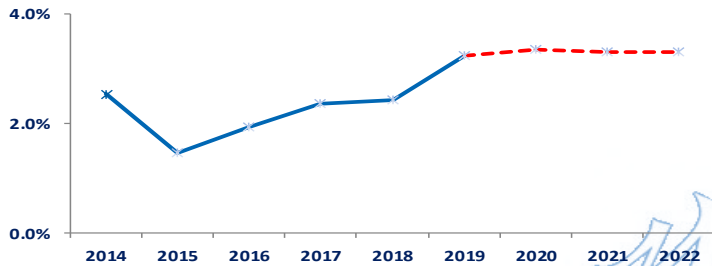
The positive performance of the Services Industries was due to growth achieved in all eight of the Services Industries. “Electricity & Water Supply (0.8%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (0.6%), Hotels & Restaurants (2.5%), Transport, Storage & Communication (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 (%)**



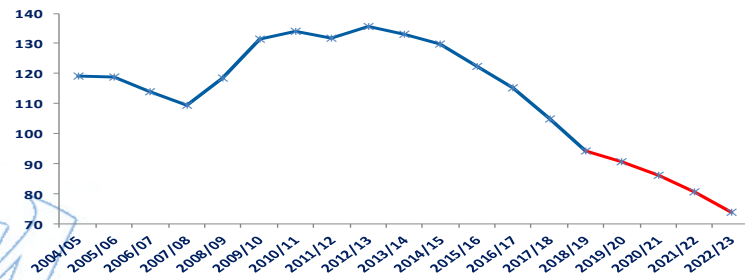
Total Expenditure for the period April to December 2019 amounted to \$445.02 billion, \$11.77 billion or 2.6% less than the budgeted amount of \$456.79 billion. Recurrent expenditure which totalled \$404.81 billion, accounted for 90.96% of overall expenditures. Relative to projections, recurrent expenditure was \$5.71 billion (1.4%) less than budgeted. Of the recurrent expenditure categories for the review period, all categories were below the budgeted amount. ‘Programmes’ amounted to \$157.72 billion which was \$1.59 billion or 1.0% less than projected. Similarly, ‘Compensation of Employees’ which amounted to \$158.52 billion was \$813.10 million or 0.5% less than projected. In addition, ‘Employee Contribution’ totalled \$11.29 billion, 5.8% less than the budgeted amount of \$11.99 billion. Wages & Salaries’ amounted to \$147.22 billion and was \$120.50 million or 0.1% less than projected.

As a result of the decrease in Expenditures for the period April to December 2019, the ‘Fiscal Surplus’ was \$23.40 billion, relative to a projected surplus of \$1.96 billion. Additionally, the primary balance for the period amounted to \$111.98 billion, 19.3% 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%.

**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 December 2019, Jamaica’s total debt stands at \$1.91 trillion.

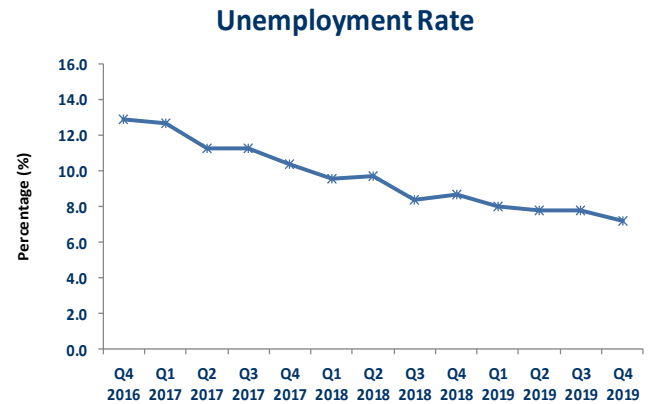
As Jamaica aims to maintain fiscal discipline and macroeconomic stability, the Government forecasts a real GDP growth of 1.8% for FY2018/19 (above IMF’s target of 1.4%) where the budget is estimated to generate a primary surplus of \$142.14 billion, which is equivalent to 7.0% of GDP. For FY 2019/20, 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
2014	13.4	13.6	13.8	14.2
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	7.2

Labour force	January Q1	April Q2	July Q3	October Q4
2014	1,305,500	1,311,100	1,303,700	1,310,200
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	1,345,100



The Labour Force at October 2019, was 1,345,100 persons, an increase of 1% compared to October 2018. The male labour force increased by 7,600 to 726,100 persons in October 2019 while the female labour force increased by 2,600 persons to 619,000 in October 2019. The Employed Labour Force for October 2019 was 1,248,400 which was 29,200 (2.4%) higher than in October 2018. The increase in employment for females was nearly twice that of males. For males, employment increased by 10,600 (1.6%) to 682,800 in October 2019. The number of employed females increased by 18,600 (3.4%) to 565,600 in October 2019. The unemployment rate for youth aged 14-24 years, was 21.1% in October 2019 compared to 24.9% in October 2018.

## PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

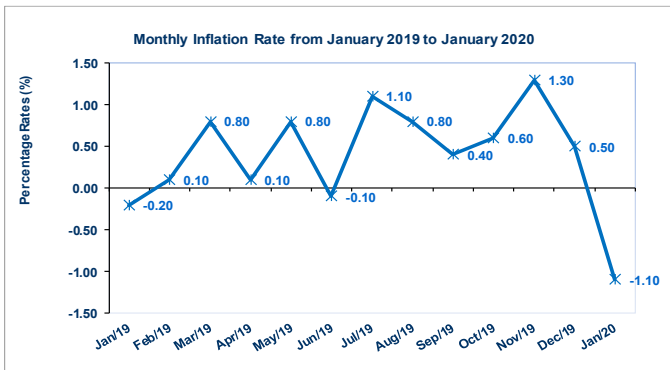
### Producer Price Index:

“The Producer Price Index for the ‘Mining and Quarrying’ industry increased by 1.6%,” according to the Statistical Institute of Jamaica (STATIN). This increase in the index resulted from an upward movement of 1.6% in the index for the major group, ‘Bauxite Mining & Alumina Processing’.

The index for the Manufacturing industry increased by 0.2%. This was mainly attributed to increases in the index for the major groups ‘Food, Beverages & Tobacco,’ up by 0.4% and ‘Chemical and Chemical Products’, up by 0.1%. These increases were however tempered by a fall in the index for the major group ‘Refined Petroleum Products’ which declined by 0.4%.

The 2019/2020 fiscal year-to-date, the index for the Mining & Quarrying industry increased by 0.4% while, the index for the Manufacturing industry recorded an increase by 1.0%.

For the point-to-point period December 2018 – December 2019, the index for the ‘Mining & Quarrying’ industry decreased by 19.3%, due mainly to a fall in the index for the major group ‘Bauxite & Alumina Processing’ of 20.1%.



### Consumer Price Index:

The consumer price index for the month of January 2020 decreased by 1.1%, following a 0.5% increase in its index for December 2019, according to the Statistical Institute of Jamaica (STATIN).

The index for the ‘Food and Non-Alcoholic Beverages’ division recorded a 1.4% decrease in its index for January 2020. Within the index ‘Non-alcoholic Beverages’ rose by 0.2%, whereas the ‘Food’ group recorded a 1.5% decline in its index due to the 4.9% decrease in the class ‘Vegetables and Starch Foods’. According to STATIN, the movement was linked to, “lower prices for produce such as tomato, lettuce, potatoes, and yam.” Other increases which tempered the overall decline were recorded for the following classes: ‘Bread and Cereal’ and ‘Milk, Cheese and Eggs’ each increasing by 0.3%, and ‘Meat’(0.2%). ‘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 4.0% decrease in its index for January 2020. The increased rate for water and sewage contributed to a 7.2% increase in the index for the group ‘Water Supply and Miscellaneous Services Related to the Dwelling’. Nonetheless, this increase was tempered by reduced electricity rates which contributed to the 9.1% decline in the index for ‘Electricity, Gas and Other Fuels’. Moreover, there was a 0.2% rise in the index for ‘Maintenance and Repair of Dwelling’.

Notably, the division ‘Restaurants and Accommodation Services’ registered a 1.6% rise for January 2020 due to increased prices for some meals consumed away from home. Lastly, the ‘Transport’ division recorded a 0.7% decline in January 2020 attributable to, “lower prices for 87 and 90-grade octane gasoline despite higher prices for diesel. Airfares also contributed to the downward movement of the division’s index”, as indicated by STATIN.

The movement in the index for the fiscal year-to-date was 4.3%. The calendar year-to-date inflation rate was 5.2%.



# FOREIGN EXCHANGE MARKET

## LOCAL FOREX

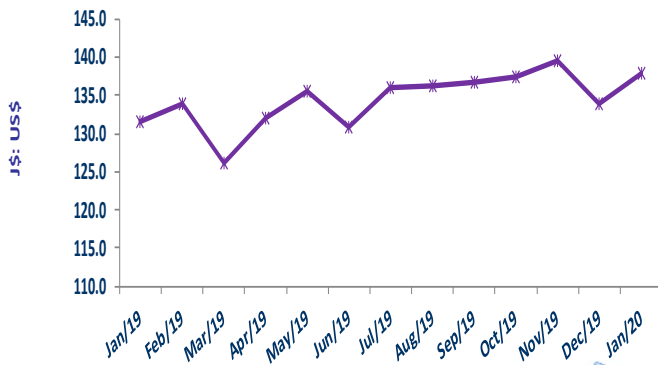
## INTERNATIONAL FOREX

The Jamaican dollar depreciated against the USD for the month of January 2020. The JMD depreciated by \$3.86 in January, to close the month at an average of \$137.80 relative to the \$133.94 recorded in December 2019. Year over year, the JMD has depreciated by approximately \$6.18 or 4.70% relative to the \$131.62 reported as at January 2019.

**GBP/USD:** The pair closed at **\$1.3206** for the month of January. According to FX Empire, “Right up to the last minute, it was a toss-up as to whether the Bank of England would lower the benchmark rate to 0.50% or remain on the side-lines. Investors gave a thumbs-up to the pound after the decision to maintain rates at 0.75%, and GBP/USD showed some momentum late the week and briefly pushed across the 1.32 level. Investors chose to ignore the bank’s warning about growth, as the BoE revised lower its growth forecast for 2020 to 0.8%, down from 1.2%. The pound enjoyed its best week since early December, gaining 1 percent.”

**EUR/USD:** The pair closed the month at **\$1.1093**. According to FX Empire, “the Euro rose sharply against the U.S. Dollar due to, “the United Kingdom finally leaving the European Union or Brexit after extended negotiations,” as well as, “weak U.S. economic data.” In addition, with the ECB looking to do more bond buybacks, it makes sense that the Euro continues to fall against the US dollar. Bond yields in the European Union continue to drift into negative yield territory, and that works against the value of the currency itself.”

Exchange Rate Movements

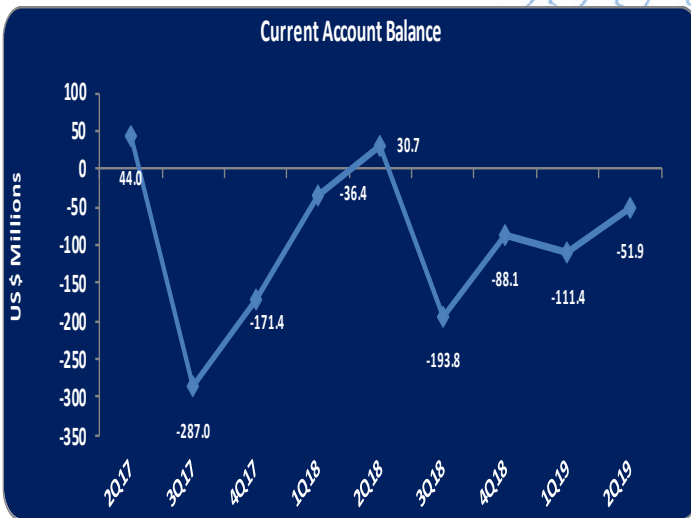


January 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3145	1.3206	1.2989	1.3206
USD/CAD	1.2981	1.3237	1.2965	1.3237
EUR/USD	1.1172	1.1197	1.1010	1.1093
USD/JPY	108.57	110.18	108.09	108.35

**USD/CAD:** The CAD depreciated against the USD during the month of January by 2.0% to close at \$1.3237.

## 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%.”

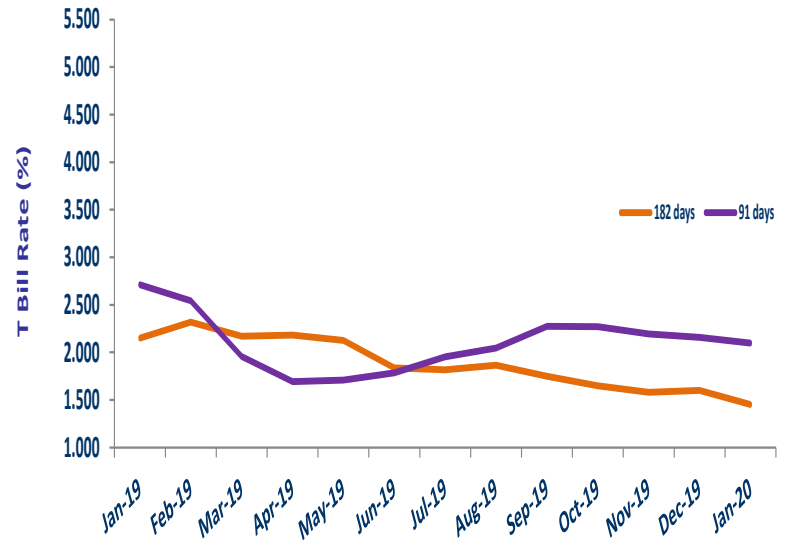




### Treasury Bills:

For the month of January 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\$3.12 billion and J\$2.32 billion for the 90-day and 180 –day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 1.25%, down 7 basis points compared to December 2019, whilst the 182-day treasury bill auction resulted in the average yield of 1.45%, down 15 basis points relative to December’s outturn. Notably, the average yields on the 91-day decreased by 102 basis points compared to the auctions in 2019 for the comparable period. The 182-day treasury bills declined by 70 basis points relative to the corresponding auctions in 2019.(Refer to the graph on the right).

Treasury Bill Rates



### OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
29-Jan-20	28 Days	1.00%	N/A	Fixed	26-Feb-20

The Bank of Jamaica issued one Certificate of Deposit during January 2020.

### TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in December 2019 amounted to 281,115 an increase of 7.6% when compared to 261,147 recorded December 2018.

Stopover arrivals from the U.S. market increased by 12.4% in December 2019 with a total of 189,156 arrivals compared to 168,363 arrivals in December 2018.

The Canadian market recorded a decline in arrivals by 2.9% with arrivals amounting to 47,558 relative to 48,974 in December of last year.

The European market region recorded a decrease in arrivals by 7.8% to total 30,193 stopover arrivals in December 2019, relative to 32,733 recorded for December 2018.

Arrivals from Latin America recorded an increase of 74.6% with a total of 4,626 stopovers relative to 2,650 recorded in December 2018 (see Tourist Arrivals table to the right).

Country	Stopover Arrivals by Market Region				
	December 2019	Share %	December 2018	Share %	Change %
U.S.A.	189,156	67.3%	168,363	64.5%	12.4%
Canada	47,558	16.9%	48,974	18.8%	-2.9%
Europe	30,193	10.7%	32,733	12.5%	-7.8%
Latin America	4,626	1.6%	2,650	1.0%	74.6%
Caribbean	8,162	2.9%	7,007	2.7%	16.5%
Asia	757	0.3%	708	0.3%	6.9%
Others	663	0.2%	712	0.3%	-6.9%
Total	281,115	100.0%	261,147	100.0%	7.6%





## REMITTANCE

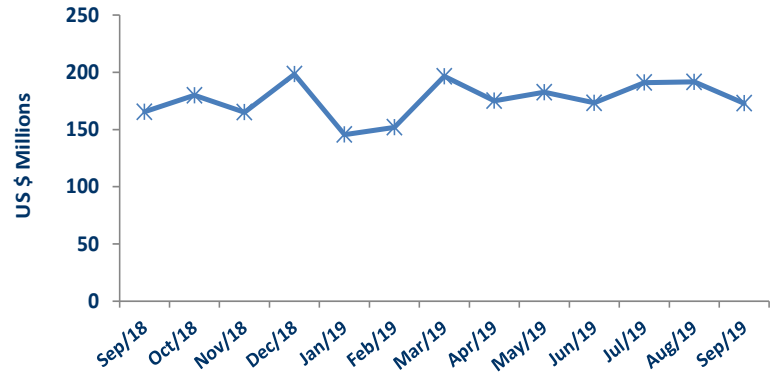
Latest data from the Bank of Jamaica (BOJ), for September 2019, showed net remittances were US\$172.90 million, an increase of US\$7.40 million relative to US\$165.50 million reported for the corresponding month of 2018.

For the period January 2019 to September 2019, net remittance inflows totalled US\$1.58 billion, relative to US\$1.55 billion for the corresponding period in 2018.

For September 2019, total inflows amounted to US\$193.20 million, while outflows totalled US\$20.30 million.

The largest source market of remittances to the island in September was USA with a share of 64.8%. The remaining remittances during the above mentioned month came from Canada (11.6%) followed by UK (11.2%) and Cayman Islands (7.2%).

Net Remittance



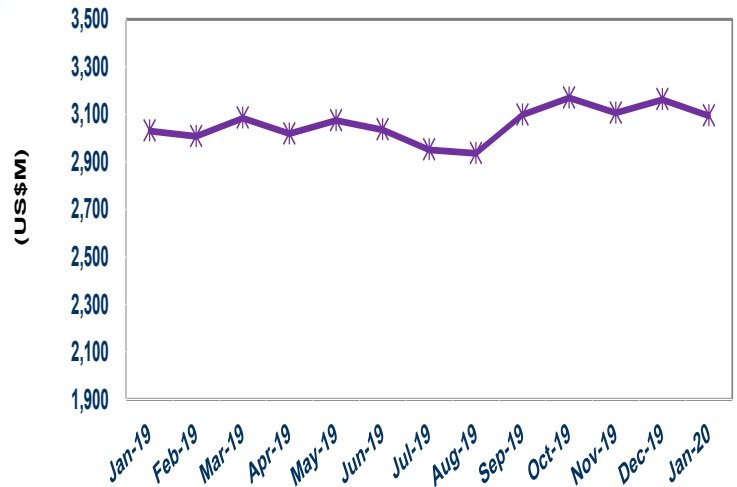
## NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totaled US\$3,094.25 million as at January 2020, reflecting a decrease of US\$68.29 million relative to the US\$3,162.54 million reported as at the end of December 2019 (see figure 1).

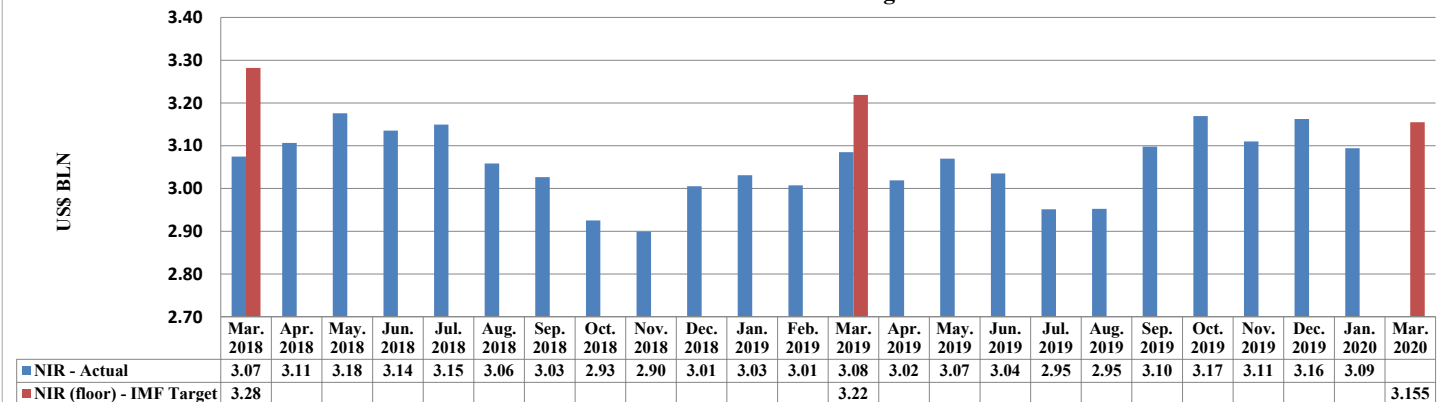
Changes in the NIR resulted from a decrease in Foreign Assets of US\$70.28 million to total US\$3,560.81 million compared to the US\$3,631.09 million reported for December 2019. 'Currency & Deposits' contributed the most to the decrease in Foreign Assets. 'Currency & Deposits' as at January 2020 totalled US\$3,007.63 million reflecting a decrease of US\$74.38 million compared to US\$3,082.00 million booked as at December 2019.

'Securities' amounted to US\$324.78 million; US\$5.07 million more the US\$319.71 million reported in December 2019. Foreign Liabilities for January 2020 amounted to US\$466.56 million compared to the US\$468.55 million reported for December 2019. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$1.99 million decrease month over month from December 2019.

NIR



Actual NIR vs IMF Target



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