

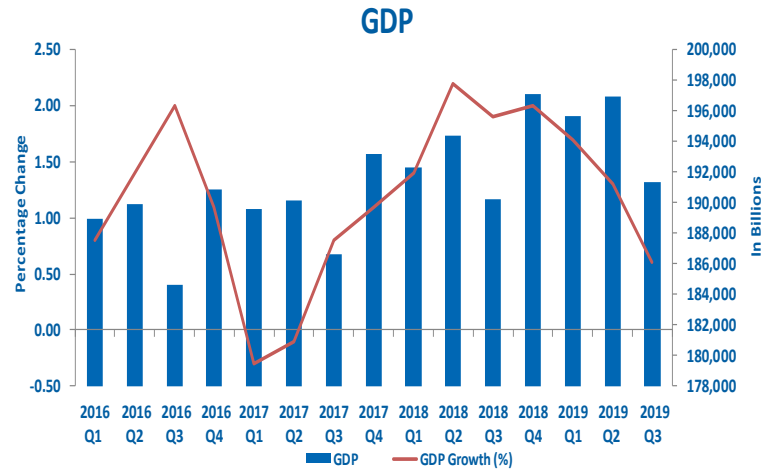
LOCAL ECONOMY

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%).”

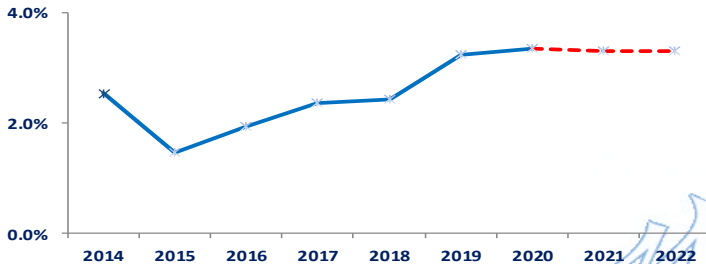
The positive performance of the Services Industries was due to growth achieved in all eight of the Services Industries. “Electricity & Water Supply (0.8%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (0.6%), Hotels & Restaurants (2.5%), Transport, Storage & Communication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



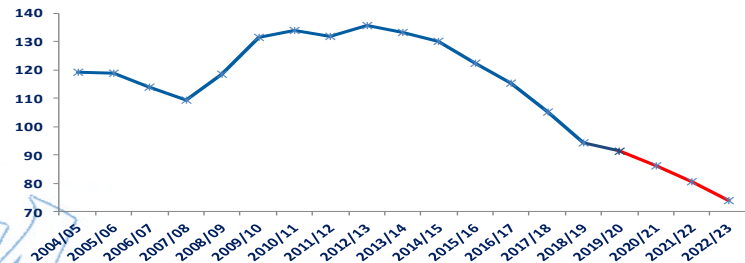
Total Expenditure for the period April to December 2019 amounted to \$506.74 billion, \$5.22 billion or 1.0% less than the budgeted amount of \$511.96 billion. Recurrent expenditure which totalled \$459.90 billion, accounted for 90.76% of overall expenditures. Relative to projections, recurrent expenditure was \$2.80 billion (0.6%) less than budgeted. Of the recurrent expenditure categories for the review period, all categories were below the budgeted amount except ‘Employee Contribution’ and ‘Programmes’. ‘Compensation of Employees’ amounted to \$175.73 billion which was \$1.12 billion or 0.6% less than projected. Similarly, ‘Wages and Salaries’ totalled \$163.32 billion, 0.2% below the budgeted amount of \$163.64 billion. However, ‘Employee Contribution’ totalled \$12.41 billion, 3.5% more than the budgeted amount of \$11.99 billion. ‘Programmes’ amounted to \$178.52 billion and was \$444 million or 0.2% more than projected.

As a result of the decrease in Expenditures for the period April to December 2019, the ‘Fiscal Surplus’ was \$12.27 billion, relative to a projected surplus of \$4.88 billion. Additionally, the primary balance for the period amounted to \$117.92 billion, 4.7% more than budgeted.

Jamaica’s capital expenditure budget has increased significantly over the past few years, from approximately \$30 billion in 2015/16 to \$74 billion in the current financial year 2020/21. FY2020/21, the budget tabulated targets a capital expenditure to GDP of 3.3%.

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 estimated at 91.5%. Notably, a debt-to-GDP ratio of 87.2% is projected for the end FY 2020/21, and is forecasted to decline to 67.8% by end-FY 2023/24. As at December 2019, Jamaica’s total debt stands at \$1.91 trillion.

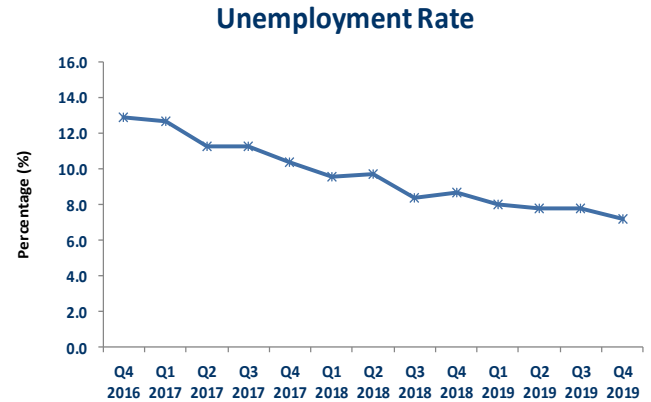
As Jamaica aims to maintain fiscal discipline and macroeconomic stability, the Government forecasts a real GDP growth of 1.9% over the fiscal years 2020/21 to 2023/24. Notably, growth in both the goods and services industries is expected to drive the expansion. Mining & Quarrying is expected to contribute to the expansion in the goods industry, particularly in the latter years, due to the expected increase in production capacity following the resumption of operations at the JISCO (ALPART) refinery. Within the services industry, the largest impact is expected from Hotels & Restaurants, boosted by increasing visitor arrivals.



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

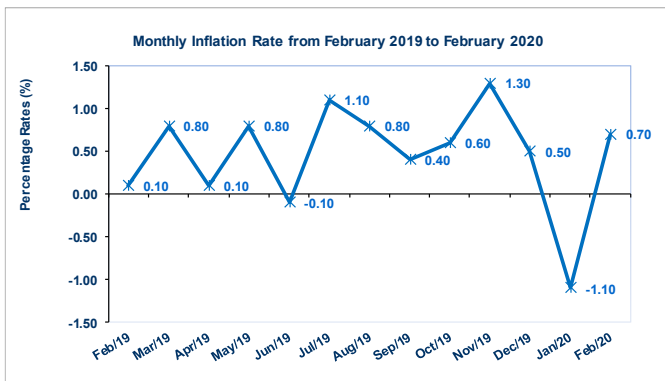
Producer Price Index:

“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 February 2020 increased by 0.7%, following a 1.1% decrease in its index for January 2020, according to the Statistical Institute of Jamaica (STATIN).

The index for the ‘Food and Non-Alcoholic Beverages’ division recorded a 0.7% decrease in its index for February 2020. Within the index, ‘Non-alcoholic Beverages’ rose by 0.4%, whereas the ‘Food’ group recorded a 0.7% decline in its index due to the 2.6% decrease in the class ‘Vegetables and Starchy Foods’. According to STATIN, this was attributable to a, “downward movement in prices for agricultural items, especially vegetables such as cabbage, lettuce, carrot, and tomato.” With the exception of the decline in the ‘Fruits’ index by 0.5%, there were increases in all the other classes within the group.

The index for the ‘Housing, Water, Electricity, Gas and Other Fuels’ division recorded a 9.2% increase in its index for February 2020. The increased rate for water and sewage contributed to a 6.7% increase in the index for the group ‘Water Supply and Miscellaneous Services Related to the Dwelling’. Moreover, there were higher electricity rates in February 2020 which contributed to the 15.3% increase in the index for ‘Electricity, Gas and Other Fuels’. There was also a 2.0% rise in the index for ‘Maintenance and Repair of Dwelling’ attributable to “higher wages for carpenters, masons, painters, plumbers and electricians,” as stated by STATIN.

Notably, the ‘Restaurants and Accommodation Services’ division registered a 0.1% rise for February 2020 due to increased prices for meals consumed away from home. Lastly, the ‘Transport’ division recorded a 0.3% decline in February 2020 attributable to “lower cost for petrol.” Moreover, “this fall was tempered by a rise in the cost for air travel,” as indicated by STATIN.

The movement in the index for the fiscal year-to-date was 5.1%. The calendar year-to-date inflation rate was -0.4%.



FOREIGN EXCHANGE MARKET

LOCAL FOREX

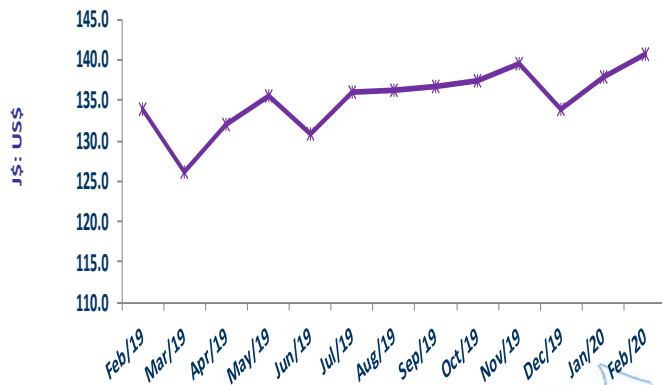
INTERNATIONAL FOREX

The Jamaican dollar depreciated against the USD for the month of February 2020. The JMD depreciated by \$2.93 in February, to close the month at an average of \$140.73 relative to the \$137.80 recorded in January 2020. Year over year, the JMD has depreciated by approximately \$67.05 or 5.56% relative to the \$133.82 reported as at February 2019.

GBP/USD: The pair closed at **\$1.2823** for the month of February. According to FX Empire, “A nearly 1% drop in GBP/USD last week may not appear all that significant but it happened during a week where the dollar fell against most of its major counterparts as expectations grew for monetary policy easing in the United States. Fed Chair Powell released a statement that said policymakers will act as needed, all but confirming that a rate cut is coming. The question at this stage is whether the Fed will ease policy as much as the markets are expecting. Rate cut expectations for the UK are much more moderate. The markets are currently pricing in a quarter basis point cut later this month and another one by the end of the year.”

EUR/USD: The pair closed the month at **\$1.1026**. According to FX Empire, “investors continued to increase bets on a sooner-than-expected rate cut by the U.S. Federal Reserve,” as well as, “the European Central Bank (ECB) is also expected to trim its benchmark interest rate, but it should come later in the year. The Euro is trading higher against the U.S. Dollar on Monday after the Federal Reserve made an emergency 50 basis-point rate cut late Sunday. The move weakened Treasury yields, making the U.S. Dollar a less-desirable investment.”

Exchange Rate Movements

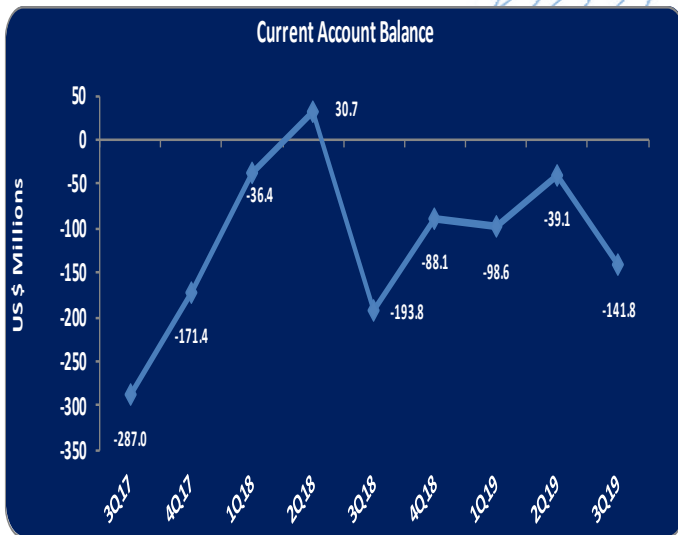


February 1-29				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2995	1.3047	1.2823	1.2823
USD/CAD	1.3286	1.3407	1.3221	1.3407
EUR/USD	1.1060	1.1060	1.0785	1.1026
USD/JPY	108.69	112.10	107.89	107.89

USD/CAD: The CAD depreciated against the USD during the month of February by 0.9% to close at \$1.3407.

CURRENT ACCOUNT BALANCE

MONEY SUPPLY



Components of Money Supply (M2*)			
Percentage Change (%)	Dec-18	Sep-19	Dec-19
Total Money Supply (M2*)	13.9	8.9	15.0
Money Supply (M2J)	14.5	11.5	17.8
Money Supply (M1J)	22.1	12.3	14.9
Currency with the public	13.9	11.9	12.3
Demand Deposits	29.0	12.7	16.8
Quasi Money	8.3	10.8	20.5
Savings Deposits	7.8	13.4	15.4
Time Deposits	10.1	2.0	38.0
Foreign Currency Deposits	13.0	4.5	9.9

The latest data from the Bank of Jamaica shows the Current Account deficit for the September 2019 quarter amounted to US\$141.80 million. This is compared to the US\$39.10 million deficit booked for the June quarter of 2019.

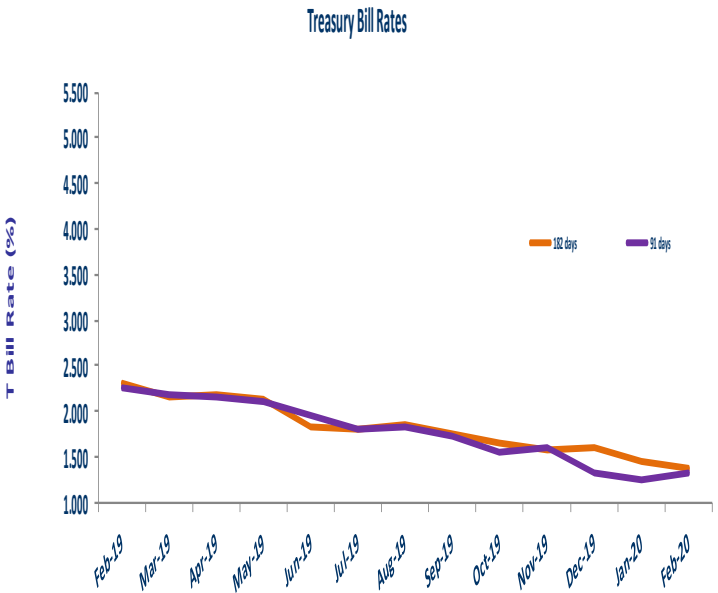
According to the latest data available from the Bank of Jamaica’s quarterly report, “Broad money (M2J) grew by 17.8 per cent at December 2019, relative to projection of 13.2 per cent. The weaker growth in the monetary base reflected stronger than expected decline in bank’s current account balances as well as lower than anticipated currency issue, the latter suggesting that the demand for currency may have been dampened by weaker than projected growth in GDP.”





Treasury Bills:

For the month of January 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\$1.61 billion and J\$2.05 billion for the 90-day and 180 –day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 1.34%, down 9 basis points compared to January 2020, whilst the 182-day treasury bill auction resulted in the average yield of 1.39%, down 7 basis points relative to January’s out-turn. Notably, the average yields on the 91-day decreased by 93 basis points compared to the auctions in 2019 for the comparable period. The 182-day treasury bills declined by 127 basis points relative to the corresponding auctions in 2019.(Refer to the graph on the right).



OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/Maturity Date
5-Feb-20	28 Days	1.00%	N/A	Fixed	4-Mar-20
17-Feb-20	14 Days	1.25%	N/A	Fixed	3-Mar-20

The Bank of Jamaica issued one Certificate of Deposit and a 14-Day Repurchase Operation during February 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

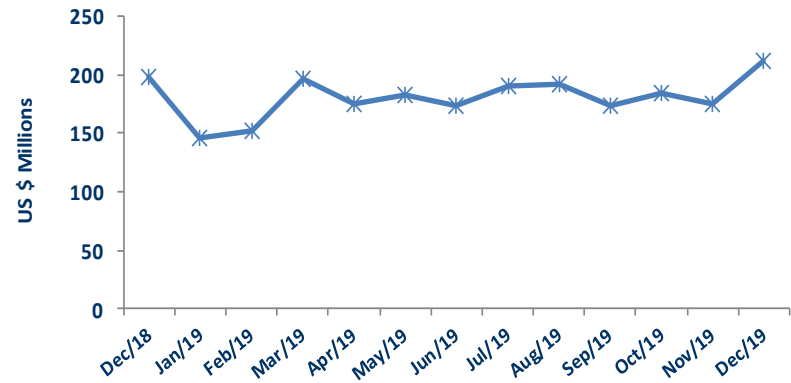
Latest data from the Bank of Jamaica (BOJ), for December 2019, showed net remittances were US\$212 million, an increase of US\$13.50 million relative to US\$198.40 million reported for the corresponding month of 2018.

For the period January 2019 to December 2019, net remittance inflows totalled US\$2.15 billion, relative to US\$2.10 billion for the corresponding period in 2018.

For December 2019, total inflows amounted to US\$232.20 million, while outflows totalled US\$20.20 million.

The largest source market of remittances to the island in December was USA with a share of 63.2%. The remaining remittances during the above mentioned month came from Canada (9.3%) followed by UK (13.5%) and Cayman Islands (8.1%).

Net Remittance



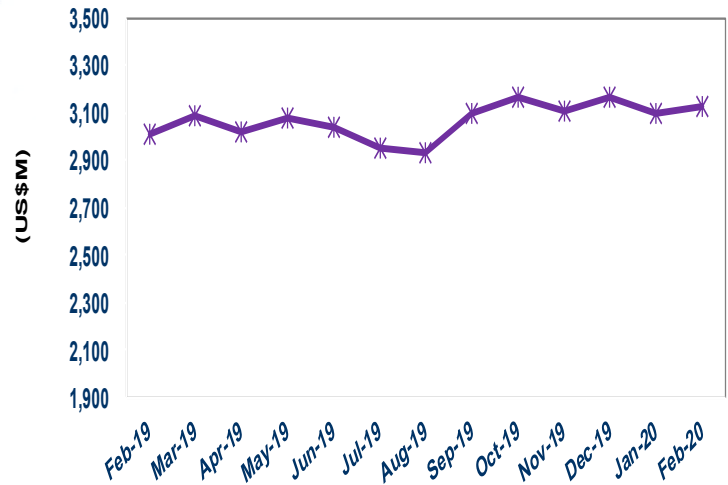
NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totaled US\$3,131.28 million as at February 2020, reflecting an increase of US\$37.03 million relative to the US\$3,094.25 million reported as at the end of January 2020 (see figure 1).

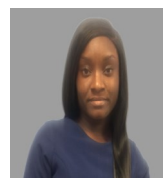
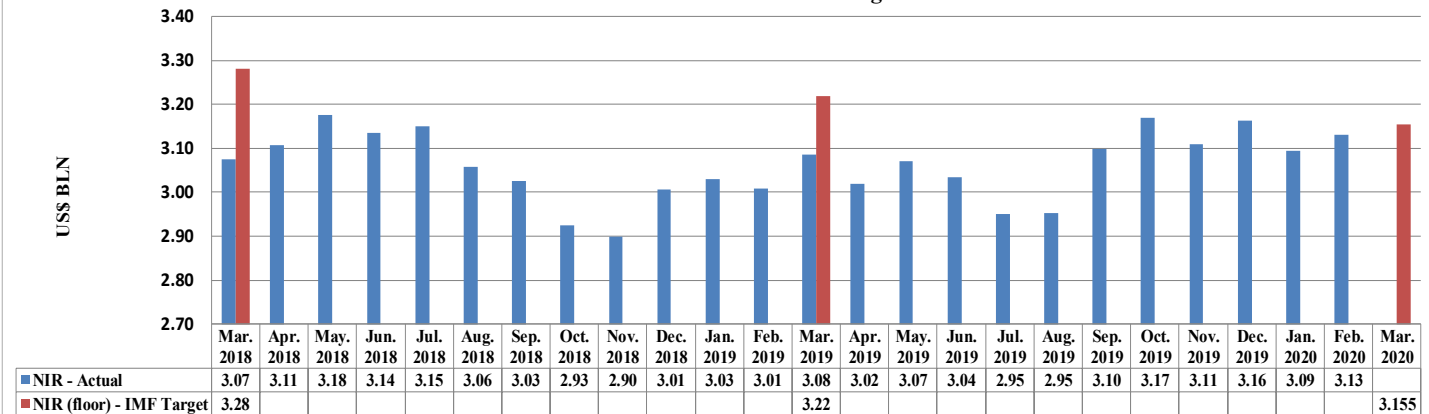
Changes in the NIR resulted from an increase in Foreign Assets of US\$35.79 million to total US\$3,596.59 million compared to the US\$3,560.81 million reported for January 2020. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at February 2020 totalled US\$3,048.39 million reflecting an increase of US\$40.76 million compared to US\$3,007.63 million booked as at January 2020.

'Securities' amounted to US\$323.47 million; US\$1.31 million less than the US\$324.78 million reported in January 2020. Foreign Liabilities for February 2020 amounted to US\$465.32 million compared to the US\$466.56 million reported for January 2020. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$1.24 million decrease month over month from January 2020.

NIR



Actual NIR vs IMF Target



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