



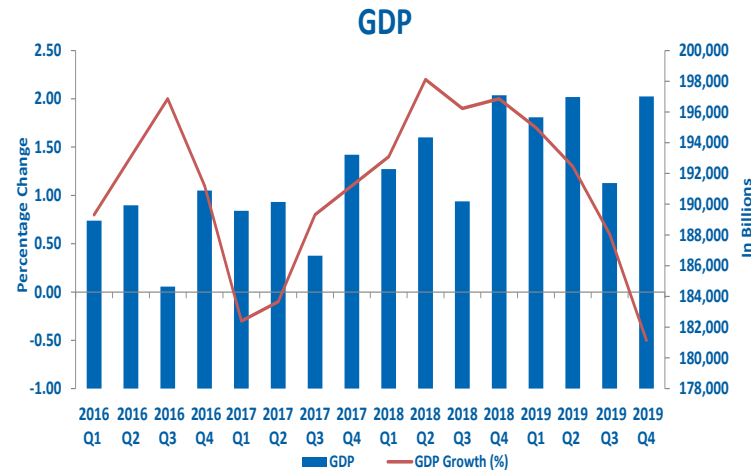
## LOCAL ECONOMY

### GROSS DOMESTIC PRODUCT

The latest data from the Statistical Institute of Jamaica indicated, "Total value added at constant prices for the Jamaican economy was \$197,013 million for the fourth quarter of 2019. This remained relatively unchanged when compared to 197,086 million for the similar quarter of 2018." This resulted from improved performances in the Services Industries which grew by 1.2%. However, the Goods Producing Industries declined by 3.7%. Furthermore, when compared to the third quarter of 2019 the economy declined by 0.5 percent.

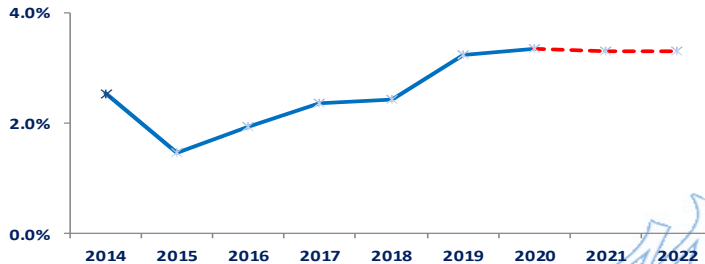
The positive performance of the Services Industries was due to growth achieved in all eight of the Services Industries. "Electricity & Water Supply (2.8%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (0.7%), Hotels & Restaurants (3.7%), Transport, Storage & Communication (0.5%), Finance & Insurance Services (3.3 %), Real Estate, Renting & Business Activities (0.7%), Producers of Government Services (0.2%) and Other Services (1.4 %)," STATIN indicated.

STATIN reports, "Within the Goods Producing Industries, the Mining & Quarrying and Construction industries declined by 40.4% and 1.9% respectively. Higher levels of output were however, achieved in Agriculture, Forestry & Fishing (3.9%) and Manufacturing (0.4%)."



### CAPITAL EXPENDITURE TO GDP

#### Capital Expenditure to GDP (%)



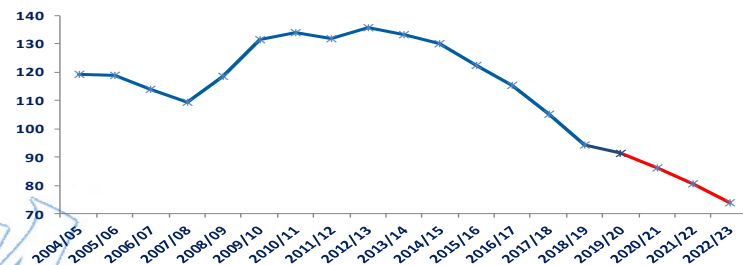
Total Expenditure for the period April 2019 to February 2020 amounted to \$567.35 billion, \$10.41 billion or 1.8% less than the budgeted amount of \$577.76 billion. Recurrent expenditure which totalled \$512.93 billion, accounted for 90.41% of overall expenditures, which is \$4.81 billion less than what was budgeted. Of the recurrent expenditure categories for the review period, all categories except 'Programmes' which closed at to \$199.38 billion, \$302.80 million greater than the budgeted amount, were below the projected amount. As such, 'Compensation of Employees' amounted to \$193.21 billion which was \$1.79 billion or 0.9% less than projected. Similarly, 'Wages and Salaries' totalled \$179.66 billion, \$54.20 million below the budgeted amount. In addition, 'Employee Contribution' totalled \$13.54 billion, 11.3% less than the budgeted amount of \$15.28 billion.

As a result of the decrease in Expenditures for the period April 2019 to February 2020, the 'Fiscal Surplus' was \$725.50 million, relative to a projected deficit of \$14.50 billion. Additionally, the primary balance for the period amounted to \$121.07 billion, 10.9% 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 January 2020, Jamaica's total debt stands at \$1.98 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.

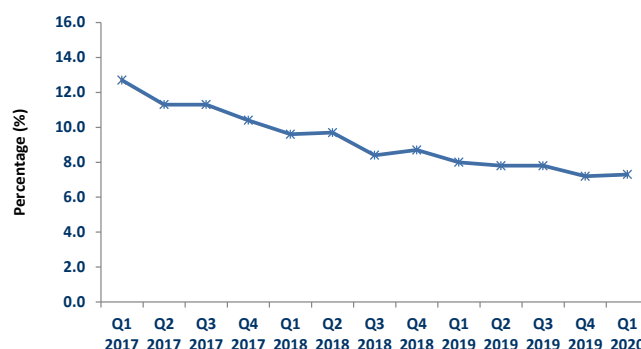


## LABOUR FORCE

Unemployment Rate (%)	January	April	July	October
	Q1	Q2	Q3	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
2020	7.3			

Labour force	January	April	July	October
	Q1	Q2	Q3	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
2020	1,369,500			

Unemployment Rate



The Labour Force at January 2020, was 1,369,500 persons, an increase of 29,300 persons or 2.2% when compared to January 2019. The male labour force increased by 16,700 to 733,700 persons in January 2020 while the female labour force increased by 12,600 persons to 635,800 in January 2020. The Employed Labour Force for January 2020 was 1,269,100 which was 36,400 (3.0%) higher than in January 2019. The increase in employment for females was nearly twice that of males. For males, employment increased by 16,800 (2.5%) to 690,300 in January 2020. The number of employed females increased by 19,600 (3.5%) to 578,800 in January 2020. The unemployment rate for youth aged 14-24 years, was 19.0% in January 2020 compared to 21.8% in January 2019.

## PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

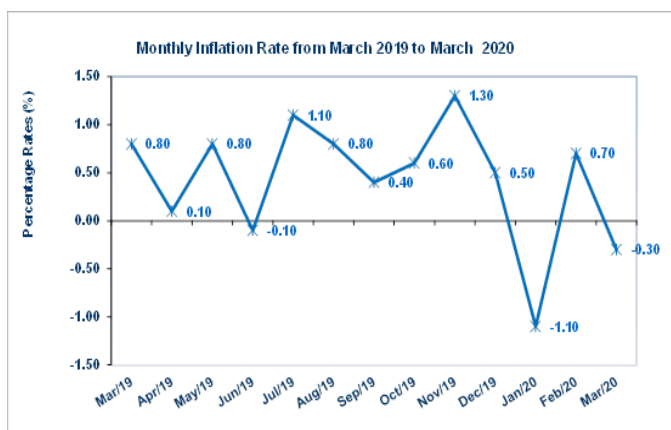
### Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry increased by 2.1%," according to the Statistical Institute of Jamaica (STATIN). This increase in the index resulted from an upward movement of 2.1% in the index for the major group, 'Bauxite Mining & Alumina Processing'.

The index for the Manufacturing industry increased by 1.2%. This was mainly attributed to increases in the index for the major groups 'Refined Petroleum Products,' up by 3.7% , 'Food, Beverages & Tobacco', up by 0.7% and 'other Manufacturing n.e.c' up by (3.7%).

The 2019/2020 fiscal year-to-date, the index for the Mining & Quarrying industry decreased by 1.4% while, the index for the Manufacturing industry recorded an increase by 2.1%.

For the point-to-point period February 2019 – February 2020, the index for the 'Mining & Quarrying' industry decreased by 8.8%, due mainly to a fall in the index for the major group 'Bauxite & Alumina Processing' of 9.2%.



### Consumer Price Index:

The consumer price index for March 2020 was 268.8 resulting in an inflation rate of 0.3% reduction when compared to previous month's 269.5 price index, according to the Statistical Institute of Jamaica (STATIN). This downward movement was largely attributed to a 1.8% decrease in the division of 'Housing, Water, Electricity, Gas and Other Fuels'. Inflation within the Greater Kingston Metropolitan Area, Rural Areas and Other Urban Centres each decreased by 0.2%, 0.3% and 0.3% respectively for March 2020.

The index for the 'Food and Non-Alcoholic Beverages' division recorded a 0.2% decrease in its index for March 2020. Within the index, the 'Food' group recorded a 0.3% decline in its index due to the -1.3% decrease in the class 'Vegetables and Starchy Foods'. According to STATIN, this was because, "prices continued to fall for vegetables especially lettuce, carrot and sweet pepper." However, the division for 'Alcoholic Beverages' observed an increase of 0.3% in its index for March 2020, attributable to increased prices for 'Spirits' and 'Tobacco'. The division 'Clothing and Footwear' increased 0.2% in its index, as the group 'Clothing' registered growth of 0.3% for March 2020.

The index for the 'Housing, Water, Electricity, Gas and Other Fuels' division recorded a 1.8% increase in its index for March 2020. The lower rates for electricity caused a 3.7% decline in the index for the group 'Electricity, Gas and Other Fuels'.

Notably, the 'Restaurants and Accommodation Services' division registered a 0.1% rise for March 2020 due to increased prices for meals consumed away from home. Lastly, the division for 'Miscellaneous Goods and Services' produced an increase of 0.1% for March 2020 which was a result of the upward movements in the price for some personal care items.

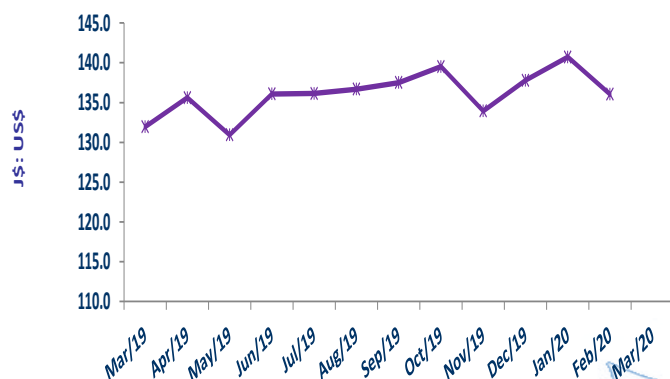
The movement in the index for the calendar year to date inflation was - 0.7%, fiscal year-to-date was 4.8% and the point-to-point movement was 4.8%.

# FOREIGN EXCHANGE MARKET

## LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of March 2020. The JMD appreciated by \$4.68 in March, to close the month at an average of \$136.05 relative to the \$140.73 recorded in February 2020. Year over year, the JMD has depreciated by approximately \$9.93 or 7.87% relative to the \$126.12 reported as at March 2019.

Exchange Rate Movements



## INTERNATIONAL FOREX

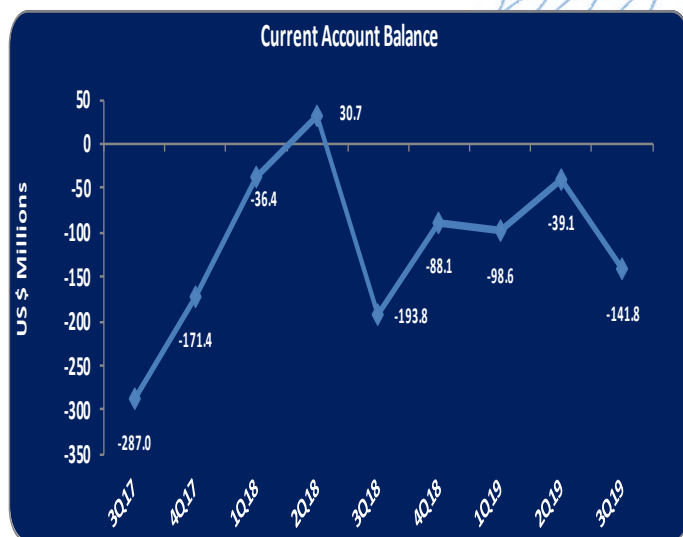
**GBP/USD:** The pair closed at **\$1.24** for the month of March. According to FX Empire, "the British pound broke down significantly during the trading session on Tuesday but has bounced a bit as the Americans have stepped on board. This shows just how resilient the British pound is and as a result I think that we have quite a bit of a fight on our hands. The 1.25 level offering significant resistance should be paid attention to, but if we can break above there then it opens up the door to even bigger gains. Quite frankly, I believe that the market at the very least needs to kill time in this area so paying attention to the region is going to be crucial."

**EUR/USD:** The pair closed the month at **\$1.10**. According to FX Empire, "home sales in the United States were reported to increase by 2.4% on March 30, coming in ahead of the analyst estimate for a decline of 1.8%." However, looking ahead, FX Empire noted that, "U.S. President Donald Trump is due to announce guidelines on re-opening the country's economy which could boost market sentiment."

March 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2754	1.3117	1.1485	1.2420
USD/CAD	1.3328	1.4511	1.3328	1.4111
EUR/USD	1.1134	1.1450	1.0688	1.1031
USD/JPY	103.33	111.23	102.36	107.54

**USD/CAD:** The CAD depreciated against the USD during the month of March by 5.9% to close at \$1.4111.

## CURRENT ACCOUNT BALANCE



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.

## 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

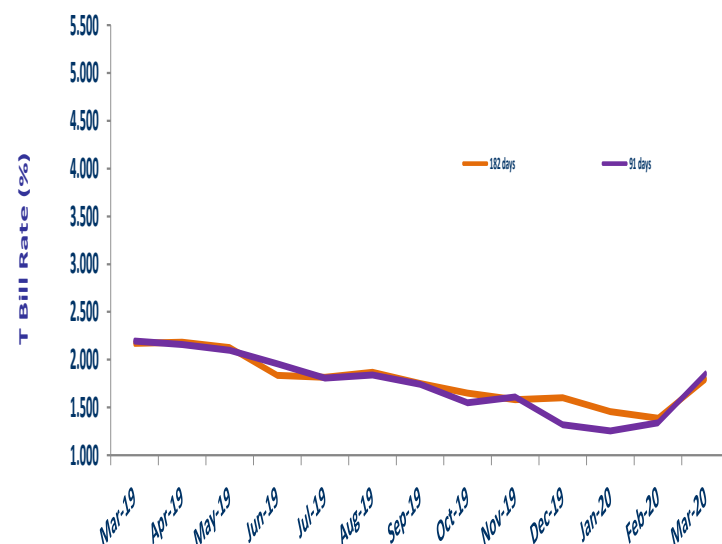
According to the latest data available from the Bank of Jamaica's quarterly report, "Broad money (M2J) grew by 17.8 per cent at December 2019, relative to projection of 13.2 per cent. The weaker growth in the monetary base reflected stronger than expected decline in bank's current account balances as 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 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\$1.05 billion and J\$1.41 billion for the 90-day and 180 –day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 1.85%, up 51 basis points compared to February 2020, whilst the 182-day treasury bill auction resulted in the average yield of 1.80%, up 41 basis points relative to February's out-turn. Notably, the average yields on the 91-day decreased by 34 basis points compared to the auctions in 2019 for the comparable period. The 182-day treasury bills declined by 37 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
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 no Certificate of Deposit for the month of March 2020 relative to 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 January 2020 amounted to 227,200 an increase of 4.9% when compared to 216,509 recorded January 2019.

Stopover arrivals from the U.S. market increased by 8.3% in January 2020 with a total of 143,460 arrivals compared to 132,508 arrivals in January 2019.

The Canadian market recorded an increase in arrivals by 1.9% with arrivals amounting to 45,922 relative to 45,078 in January of last year.

The European market region recorded a decrease in arrivals by 9.7% to total 26,258 stopover arrivals in January 2020, relative to 29,094 recorded for January 2019.

Arrivals from Latin America recorded an increase of 38.9% with a total of 5,219 stopovers relative to 3,758 recorded in January 2019 (see Tourist Arrivals table to the right).

Stopover Arrivals by Market Region					
Country	January 2020	Share %	January 2019	Share %	Change %
U.S.A.	143,460	63.1%	132,508	61.2%	8.3%
Canada	45,922	20.2%	45,078	20.8%	1.9%
Europe	26,258	11.6%	29,094	13.4%	-9.7%
Latin America	5,219	2.3%	3,758	1.7%	38.9%
Caribbean	5,217	2.3%	4,818	2.2%	8.3%
Asia	606	0.3%	627	0.3%	-3.3%
Others	518	0.2%	626	0.3%	-17.3%
Total	227,200	100.0%	216,509	100.0%	4.9%



## REMITTANCE

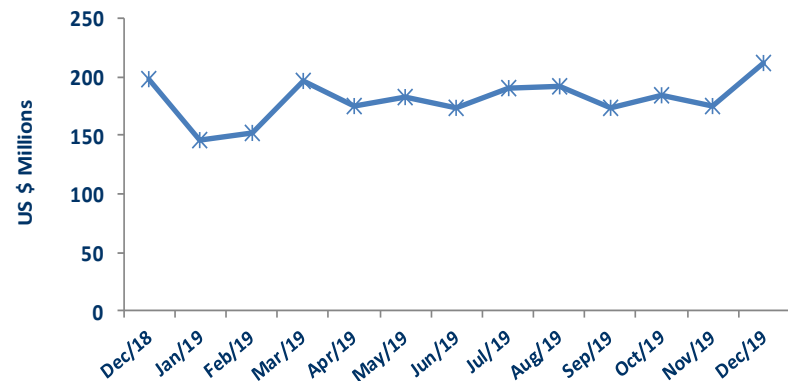
Latest data from the Bank of Jamaica (BOJ), for December 2019, showed net remittances were US\$212 million, an increase of US\$13.50 million relative to US\$198.40 million reported for the corresponding month of 2018.

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



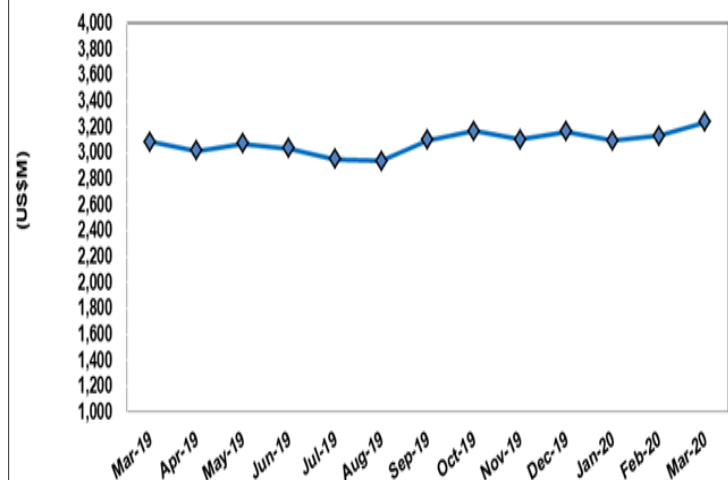
## NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totaled US\$3,237.67 million as at March 2020, reflecting an increase of US\$106.39 million relative to the US\$3,131.28 million reported as at the end of February 2020 (see figure 1).

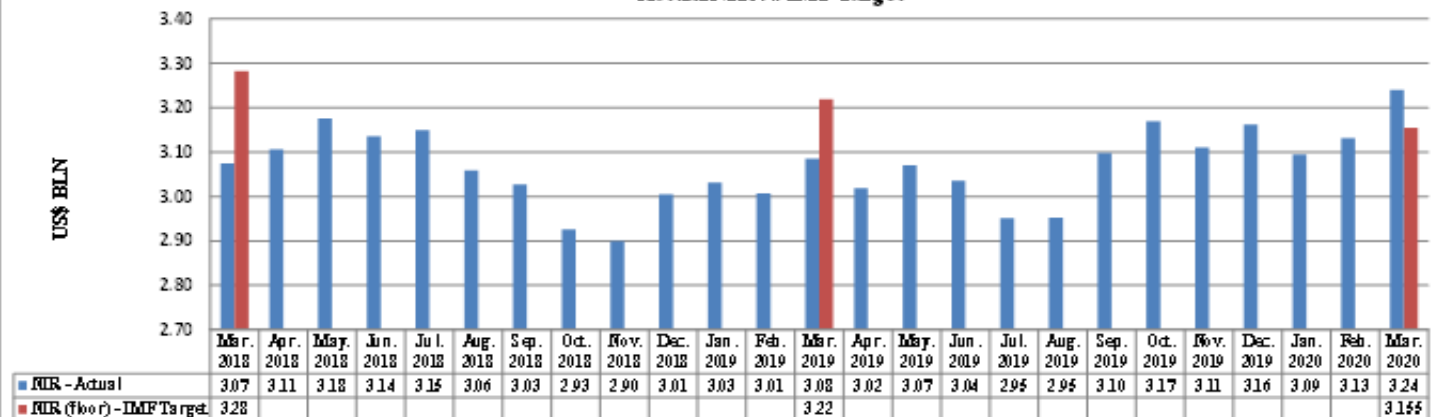
Changes in the NIR resulted from an increase in Foreign Assets of US\$91.85 million to total US\$3,688.45 million compared to the US\$3,596.59 million reported for February 2020. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at March 2020 totalled US\$3,136.72 million reflecting an increase of US\$88.34 million compared to US\$3,048.39 million booked as at February 2020.

'Securities' amounted to US\$328.38 million; US\$4.91 million more than the US\$323.47 million reported in February 2020. Foreign Liabilities for March 2020 amounted to US\$450.78 million compared to the US\$465.32 million reported for February 2020. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$14.54 million decrease month over month from February 2020.

Jamaica Net International Reserves



Actual NIR vs IMF Target



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