



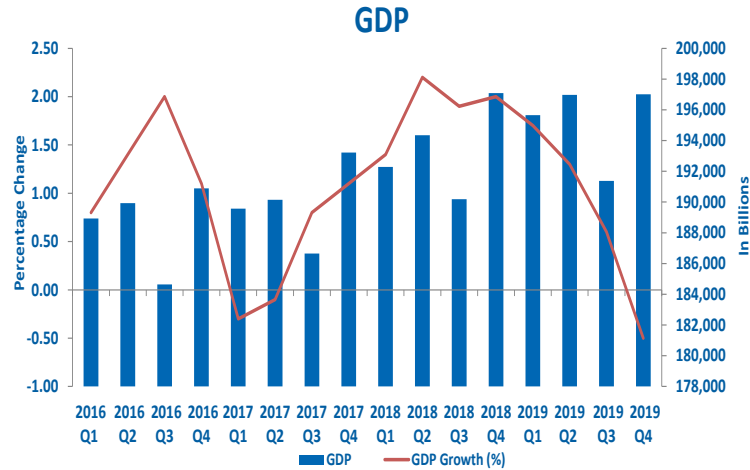
LOCAL ECONOMY

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.

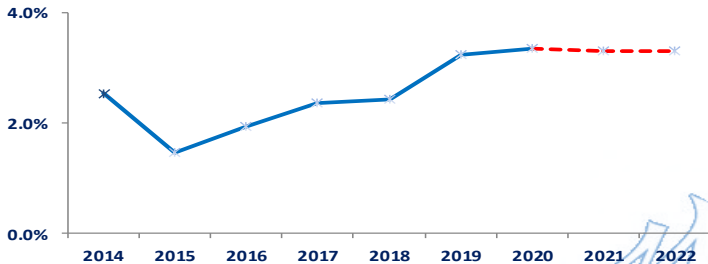
The positive performance of the Services Industries was due to growth achieved in all eight of the Services Industries. “Electricity & Water Supply (2.8%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (0.7%), Hotels & Restaurants (3.7%), Transport, Storage & Communication (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 (%)

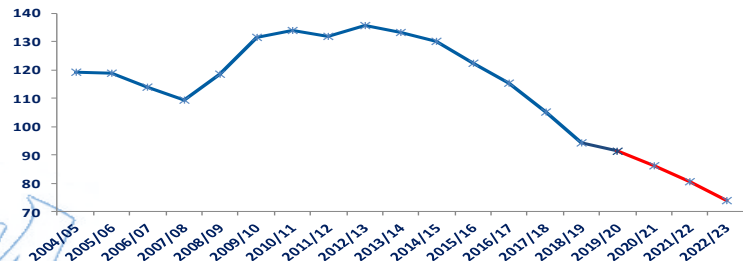


Total Expenditure for the period April 2020 amounted to \$50.05 billion. Recurrent expenditure which totalled \$47.38 billion, accounted for 94.66% of overall expenditures. Notably, ‘Programmes’ and ‘Compensation of Employees’ amounted to \$16.81 billion and \$19.47 billion, respectively. While, ‘Wages and Salaries’ and ‘Employee Contribution’ totalled \$18.34 billion and \$1.12 billion, respectively.

As a result of the decrease in Expenditures for the period April 2020, the ‘Fiscal Deficit’ was \$13.28 billion, relative to projected fiscal deficit of \$13.29 billion. Additionally, the primary deficit balance for the period amounted to \$2.19 billion.

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 February 2020, Jamaica’s total debt stands at \$1.94 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.

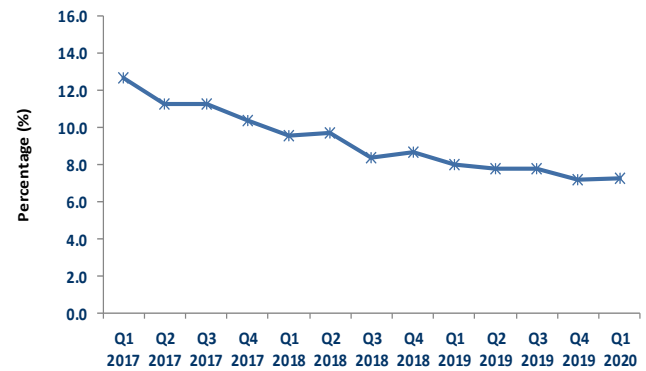


LABOUR FORCE

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
2020	7.3			

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
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 decreased by 16.2%,” according to the Statistical Institute of Jamaica (STATIN). This decrease in the index resulted from an downward movement of 16.7% in the index for the major group, ‘Bauxite Mining & Alumina Processing’.

The index for the Manufacturing industry decreased by 2.3%. This was mainly attributed to the decreases in the index for the major groups ‘Refined Petroleum Products,’ down by 10.9% , while ‘Food, Beverages & Tobacco’ fell by 0.9%.

For the point-to-point period March 2019 – March 2020, the index for the ‘Mining & Quarrying’ industry decreased by 15.6%, due to major group ‘Bauxite & Alumina Processing’ which fell by 16.3%. While the ‘Manufacturing’ industry index declined by 1.2%

Consumer Price Index:

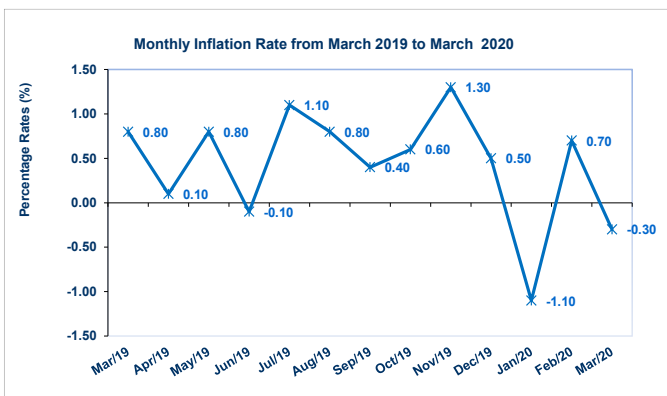
The consumer price index for March 2020 was 268.8 resulting in an inflation rate of 0.3% reduction when compared to previous month’s 269.5 price index, according to the Statistical Institute of Jamaica (STATIN). This downward movement was largely attributed to a 1.8% decrease in the division of ‘Housing, 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% declined 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.

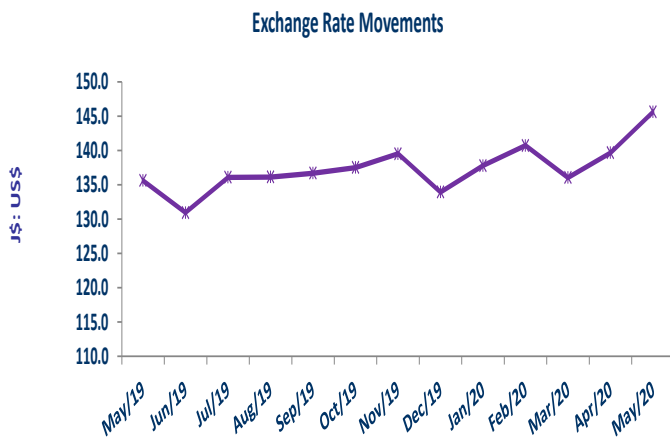
The movement in the index for the calendar year to date inflation was - 0.7%, fiscal year-to-date was 4.8% and the point-to-point movement was 4.8%.



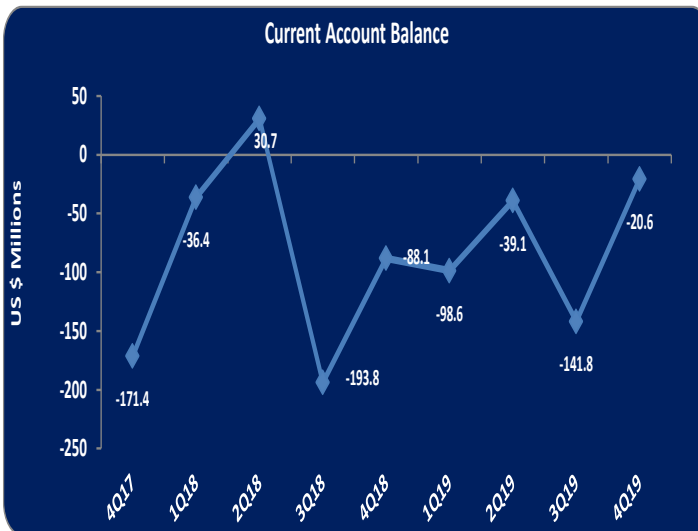
FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaica dollar depreciated against the USD for the month of May 2020. The JMD depreciated by \$5.96 in May, to close the month at an average of \$145.62 relative to the \$139.66 recorded in April 2020. Year over year, the JMD has depreciated by approximately \$10.01 or 7.38% relative to the \$135.61 reported as at May 2019.



CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account deficit for the December 2019 quarter amounted to US\$20 million. This is compared to the US\$141.8 million deficit booked for the September quarter of 2019.

INTERNATIONAL FOREX

GBP/USD: The pair closed at **\$1.23** for the month of April. According to FX Empire, “Sterling had its best week in May with about a 1.25% gain. It sounds more impressive than it is. Only two major currencies did worse, the yen and Swiss franc. Sterling was easily the worst-performing major currency in May, falling more than 2%. The next heaviest was the yen., which lost about 0.6%. Sterling overcame resistance near \$1.2360 ahead of the weekend, which also marks the midpoint of May’s range ahead of the weekend, but could not sustain the momentum and quickly was able to be pushed back toward \$1.2300. Key support is seen in the \$1.2215-\$1.2230 area in early June.”

EUR/USD: The pair closed the month at **\$1.11**. According to FX Empire, “According to FX Empire, was due to “the European Union offering bonds that are backed by the entirety of the EU instead of the single countries. This should be stronger, and therefore people like the idea of the future of the Euro much more than they did just a few weeks ago.”

May 1-30				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2506	1.2506	1.2116	1.2343
USD/CAD	1.4089	1.4146	1.3752	1.3780
EUR/USD	1.0981	1.1101	1.0795	1.1101
USD/JPY	106.91	107.83	106.12	107.83

USD/CAD: The CAD depreciated against the USD during the month of May by 2.2% to close at \$1.3780

MONEY SUPPLY

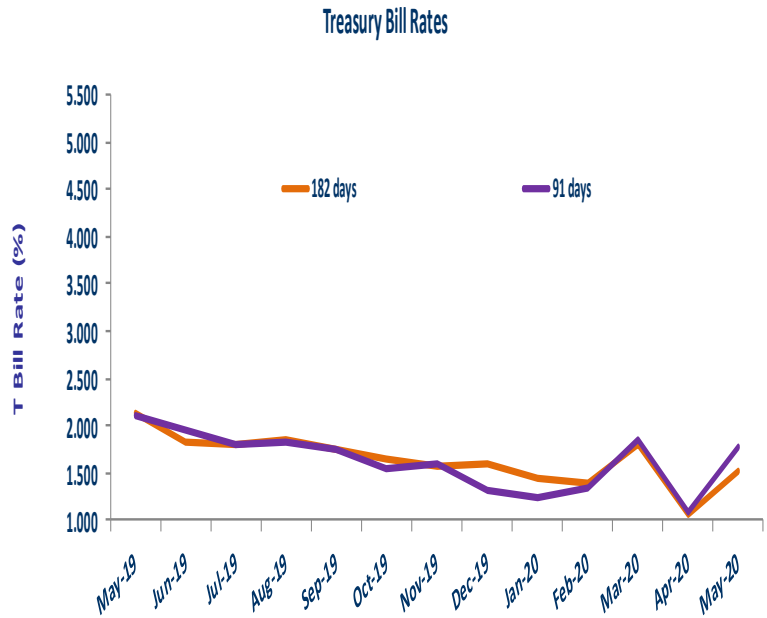
Components of Money Supply (M2*)			
Percentage Change (%)	Feb-19	Dec-19	Feb-20
Total Money Supply (M2*)	11.8	15.0	15.1
Money Supply (M2J)	12.2	17.8	16.1
Money Supply (M1J)	14.2	14.9	19.1
Currency with the public	15.6	12.3	15.5
Demand Deposits	13.2	16.8	21.5
Quasi Money	10.6	20.5	13.5
Savings Deposits	12.7	15.4	14.7
Time Deposits	4.0	38.0	9.3
Foreign Currency Deposits	11.2	9.9	13.4

According to the latest data available from the Bank of Jamaica’s quarterly report, “Broad money (M2J) grew by 16.1 per cent at February 2020, relative to the previous projection of 13.0 per cent. The stronger growth in the monetary base reflected an increase in banks’ current account balances relative to a projected fall, as well as significantly higher than anticipated currency issue, the latter suggesting an uptick in the demand for currency as a precaution amid the COVID-19 outbreak. Growth in broad money at February 2020 reflected a 16.2 per cent increase in local currency deposits, which stemmed mainly from growth in savings and demand deposits of 14.7 per cent and 21.5 per cent, respectively. This was also supported by 15.5 per cent growth in currency in circulation.”



Treasury Bills:

For the month of May 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\$1.21 billion and J\$1.13 billion for the 90-day and 180 –day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 1.78%, up 70 basis points compared to April 2020, whilst the 182-day treasury bill auction resulted in the average yield of 1.53%, up 48 basis points relative to April’s outturn. Notably, the average yields on the 91-day decreased by 32 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).



OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
17-Apr-20	30 Days	1.00%	N/A	Fixed	17-May-20
17-Apr-20	273 Days	1.25%	N/A	Fixed	15-Jan-21

The Bank of Jamaica issued no Certificate of Deposit during the month of May 2020 relative to one Certificate of Deposit and a 273 Days Treasury Bill during the month of April 2020.

TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in February 2020 amounted to 235,740 an increase of 7.1% when compared to 220,046 recorded February 2019.

Stopover arrivals from the U.S. market increased by 11.1% in February 2020 with a total of 155,298 arrivals compared to 139,843 arrivals in February 2019.

The Canadian market recorded an increase in arrivals by 1.2% with arrivals amounting to 44,914 relative to 44,369 in February of last year.

The European market region recorded a decrease in arrivals by 9.4% to total 25,073 stopover arrivals in February 2020, relative to 27,680 recorded for February 2019.

Arrivals from Latin America recorded an increase of 82.7% with a total of 5,347 stopovers relative to 2,927 recorded in February 2019 (see Tourist Arrivals table to the right).

Country	Stopover Arrivals by Market Region				
	February 2020	Share %	February 2019	Share %	Change %
U.S.A.	155,298	65.9%	139,843	63.6%	11.1%
Canada	44,914	19.1%	44,369	20.2%	1.2%
Europe	25,073	10.6%	27,680	12.6%	-9.4%
Latin America	5,347	2.3%	2,927	1.3%	82.7%
Caribbean	4,200	1.8%	4,033	1.8%	4.1%
Asia	441	0.2%	722	0.3%	-38.9%
Others	467	0.2%	472	0.2%	-1.1%
Total	235,740	100.0%	220,046	100.0%	7.1%





REMITTANCE

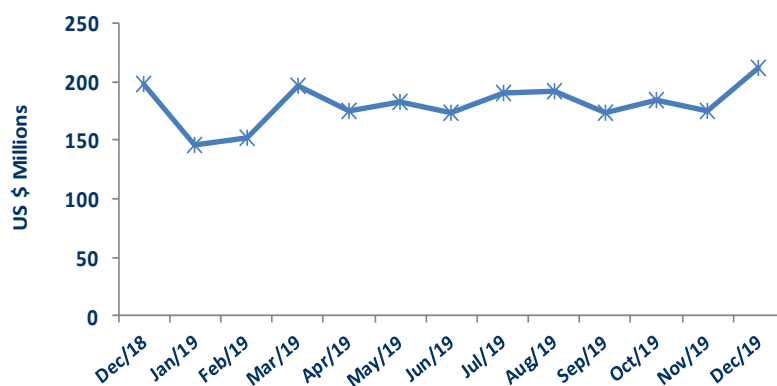
Latest data from the Bank of Jamaica (BOJ), for December 2019, showed net remittances were US\$212 million, an increase of US\$13.50 million relative to US\$198.40 million reported for the corresponding month of 2018.

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\$2,904.49 million as at May 2020, reflecting a decrease of US\$228.16 million relative to the US\$3,132.65 million reported as at the end of April 2020.

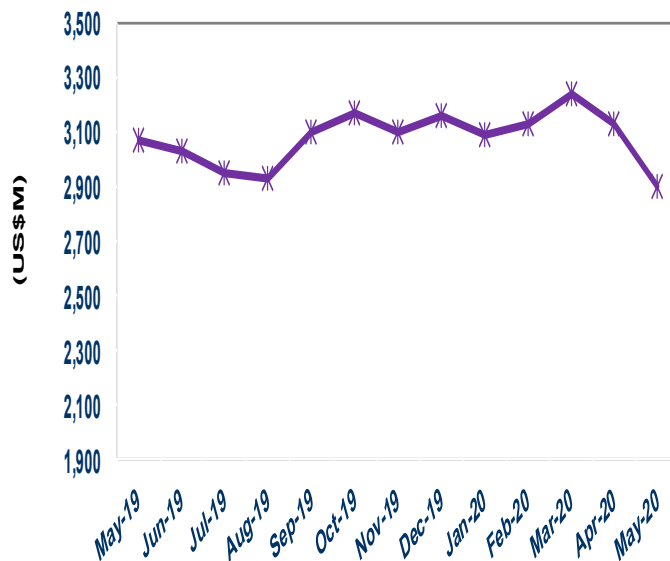
Changes in the NIR resulted was from an increase in Foreign Liabilities to total US\$967.22 million compared to the US\$449.03 million reported at the of April 2020. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$518.19 million increase month over month from April 2020.

On the other hand, Foreign Assets increased by US\$290.03 million to US\$3,871.71 million relative to US\$3,581.68 million booked at the end of April 2020. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at May 2020 totalled US\$3,329.15 million reflecting an increase of US\$294.50 million compared to US\$3,034.65 million booked as at April 2020.

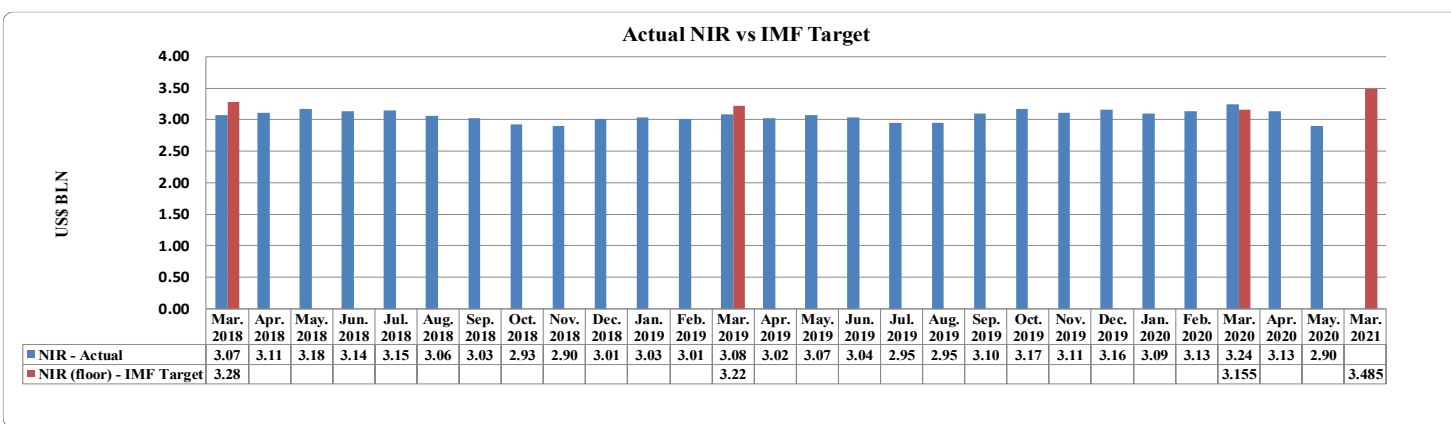
'Securities' amounted to US\$322.12 million; US\$1.30 million less than the US\$323.42 million reported in April 2020. Also, 'SDR & IMF Reserve Position' decreased by US\$3.17 million from US\$223.61 million to US\$220.44 million booked at the end of May 2020.

At its current value, the NIR is US\$169.84 million less than its total of US\$3,074.33 million as at the end of May 2019. The current reserve is able to support approximately 55.85 weeks of goods imports or 37.82 weeks of goods and services imports.

NIR



Actual NIR vs IMF Target



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