



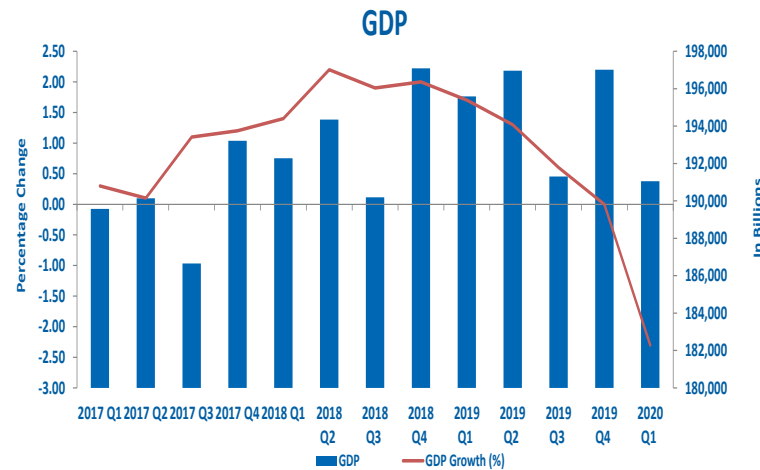
LOCAL ECONOMY

GROSS DOMESTIC PRODUCT

The latest data from the Statistical Institute of Jamaica indicated, total value added at constant prices for the Jamaican economy was \$197,053 million for the first quarter of 2020. This reflects a 2.3% decline when compared to 197,591 million for the similar quarter of 2019. This resulted from underperformances in both Services and Goods Industries which declined by 2.5% and 1.9%, respectively.

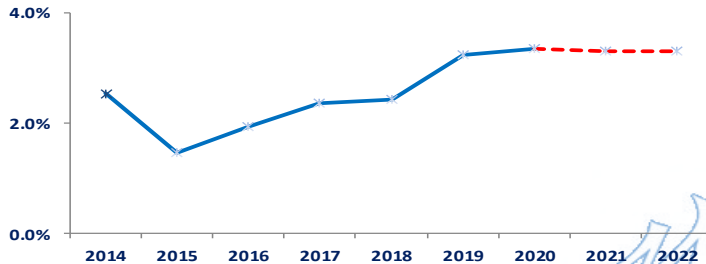
The decline in the Services Industries was due to reduced activities in, "Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (1.3%), Hotels & Restaurants (14.1%), Transport, Storage & Communication (2.5%), Finance & Insurance Services (1.2%), and Other Services (3.2%)." STATIN indicated. However, "Electricity & Water Supply, Real Estate, Renting & Business Activities and the Producers of Government Services achieved growth of 2.1%, 0.2% and 0.2% respectively." STATIN further stated.

STATIN reports, "Within the Goods Producing Industries, lower levels of output were recorded in, Mining & Quarrying by 35.8%, Construction by 3.3%, while Agriculture, Forestry & Fishing and Manufacturing recorded increased output by 7.8% and 2.2%, respectively."



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)

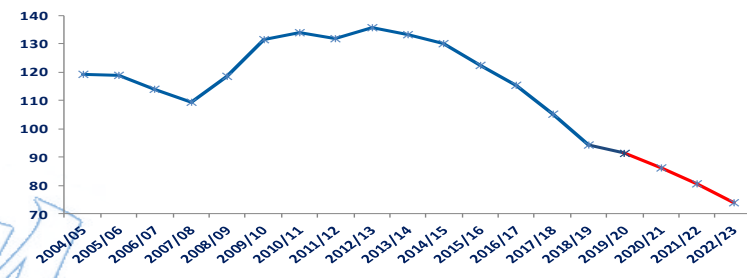


Total Expenditure for the period April to June 2020 amounted to \$148.08 billion, 1.56 billion or 1.0% less than the budgeted amount of \$149.64 billion. Recurrent expenditure which totalled \$135.97 billion, accounted for 88.51% of overall expenditures. Relative to projections, recurrent expenditure was \$3.55 billion (2.5%) less than budgeted. Of the recurrent expenditure categories for the review period, all categories were below the budgeted amount. 'Programmes' amounted to \$58.99 billion and was \$1.29 billion or 2.1% less than budgeted. 'Compensation of Employees' amounted to \$54.63 billion which was \$1.32 billion or 2.4% less than budgeted. Similarly, 'Wages and Salaries' totalled \$51.16 billion, 2.4% below the budgeted amount of \$52.41 billion. Additionally, 'Employee Contribution' totalled \$3.47 billion, 1.9% less than the budgeted amount of \$3.54 billion.

As a result of the decrease in Expenditures for the period April to June 2020, the 'Fiscal Deficit' was \$25.43 billion, relative to a 'Projected Deficit' of \$34.89 billion. Additionally, the primary deficit balance for the period amounted to \$3.08 billion, 73.5% less than budgeted.

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 June 2020, Jamaica's total debt stands at \$ 1.99 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.

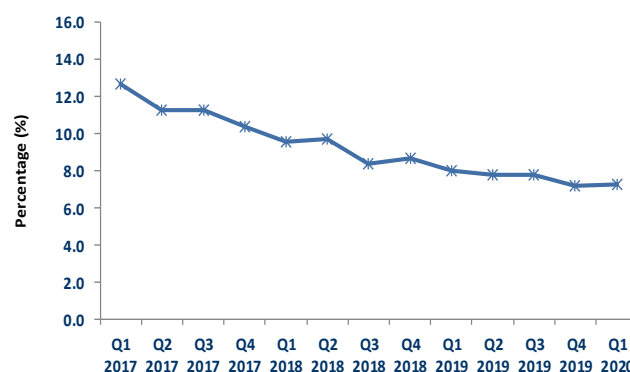


LABOUR FORCE

| 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

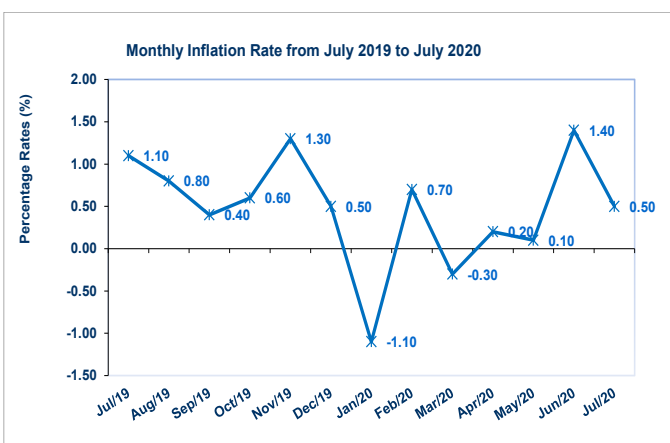
Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry increased by 4.4%," according to the Statistical Institute of Jamaica (STATIN). This increase in the index resulted from an upward movement of 4.6% in the index for the major group, 'Bauxite Mining & Alumina Processing'. Also, the index for 'other Mining & Quarry' went up by 1.4%

The index for the Manufacturing industry increased by 0.9%. This was mainly attributed to increases in the index for the major groups 'Food, Beverages, Tobacco,' which went up by 0.4%, and 'Wood and Wood Products and Furniture' went by 2.2%. Most importantly, 'Refined Petroleum Products' went up by 3.9% relative to May decline in the group of 1.8%.

For the point-to-point period June 2019 – June 2020, the index for the 'Mining & Quarrying' industry decreased by 13.2%, due to major group 'Bauxite & Alumina Processing' which fell by 13.8%. While the 'Manufacturing' industry index increased by 0.6%.

Furthermore, STATIN noted, "For the 2020/2021 fiscal year to date, April 2020 - June 2020, the index for the Mining and Quarrying industry increased by 6.8%, while the index for the Manufacturing industry recorded an upward movement of 1.1%."



Consumer Price Index:

The consumer price index for July 2020 was 105.7 resulting in an inflation rate of 0.5% increase when compared to previous month's 105.2 price index, according to the Statistical Institute of Jamaica (STATIN). This increase was as result of, 'Food and Non- Alcoholic Beverages', the heaviest weighted division booked 1.2% increase in its index. Notably, STATIN stated, "The groups 'Food' and 'Non-Alcoholic Beverages' recorded increases of 1.3% and 0.6%, respectively."

The division of 'Housing, Water, Electricity, Gas and Fuels', recorded a 0.5% decrease due to lower electricity rates for the period in review, which offset the upward movement of the inflation rate. However, the overall movement in the index was encourage by an increase of 0.6% in each of index for the 'Personal Care, Social Protection and Miscellaneous Goods' and 'Furnishings, Household Equipment and Routine Household Maintenance' division. Also, the 'Restaurants and Accommodation Services' division index rose 0.3%, while, 'Transport' division increased by 0.2% as a result of price increase for fuels and higher cost for air travel. Inflation within the Greater Kingston Metropolitan Area, Rural Areas and Other Urban Centres each recorded an inflation rate of 0.5%, 0.4% and 0.6%, respectively for July 2020.

The index for the 'Food and Non-Alcoholic Beverages' division was 1.2% increase in its index for July 2020. The 'Food' group index recorded 1.3% and the 'Non-Alcoholic Beverages' group went up by 0.6%. As it regards to the increase in the 'Food' division STATIN noted, "The upward movement in the index for the group 'Food' continued to be impacted by the rise in costs for agricultural produce, namely, yellow yam, tomato and cabbage which resulted in a 3.1 per cent rise in the index for the class 'Vegetables, tubers, plantains, cooking bananas and pulses'."

The division with 'Alcoholic Beverages, Tobacco and Narcotics' increased by 0.4% for July 2020, due to a 0.4% increase in 'Alcoholic Beverages' and 0.2% in 'Tobacco'. While, the division for 'Clothing and Footwear' observed an increase of 0.8% in its index for July 2020. In the index the group 'Clothing' registered growth of 0.9% and 'Footwear' climbed by 0.4% for July 2020.

The index for the divisions 'Transport' increased by 0.2%. The main contributor to this movement was from the 'Operation of Personal Transport Equipment' which went up by 0.2% as a result of an increase in 'Fuels and Lubricants for Personal Transport Equipment' class by 0.3%.

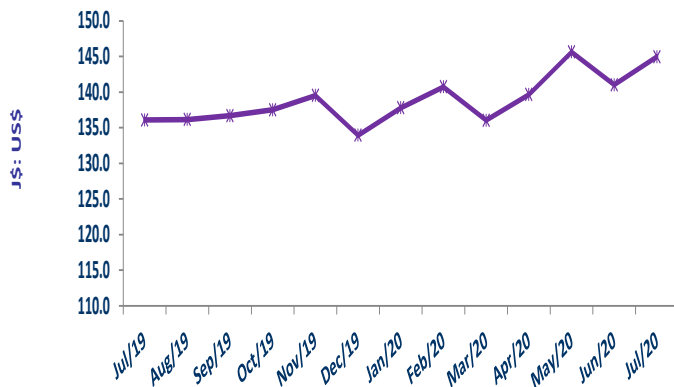
The movement in the index for year to date inflation was 3.2%, fiscal year-to-date was 1.9%.

FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaica dollar depreciated against the USD for the month of July 2020. The JMD depreciated by \$3.95 in July, to close the month at an average of \$144.96 relative to the \$141.01 recorded in June 2020. Year over year, the JMD has depreciated by approximately \$8.88 or 6.53% relative to the \$136.08 reported as at July 2019.

Exchange Rate Movements



INTERNATIONAL FOREX

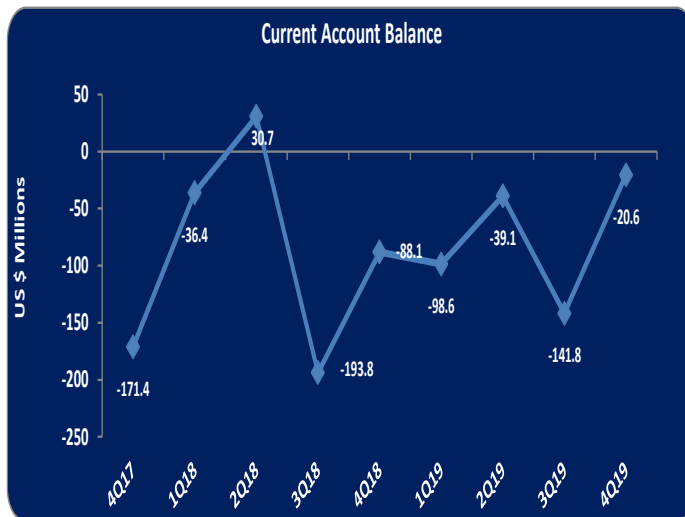
GBP/USD: The pair closed at **\$1.3090** for the month of July. According to FX Empire, "The British pound has shot straight up in the air during the week, testing the 200 week EMA, and perhaps even more importantly the 1.3150 level which with my longer-term target. In fact, it hit that level much quicker than anticipated, as thought this was a story for a couple of weeks from now. That being said, the market is likely to continue to see upward momentum overall."

EUR/USD: The pair closed the month at **\$1.1778**. According to FX Empire, "the Federal Reserve flooding the markets with greenback and therefore it is likely that the Euro will continue to go higher longer term." Moreover, looking ahead, when the Euro Area inflation is released, FX Empire noted that, "a stronger-than-expected inflation will signal that current measures to support the economy are working and may provide an additional boost to EUR/USD."

| July 1-31 | | | | |
|---------------|--------|--------|--------|--------|
| Currency Pair | Open | High | Low | Close |
| GBP/USD | 1.2474 | 1.3095 | 1.2467 | 1.3090 |
| USD/CAD | 1.3587 | 1.3614 | 1.3342 | 1.3415 |
| EUR/USD | 1.1252 | 1.1371 | 1.1847 | 1.1776 |
| USD/JPY | 107.47 | 107.52 | 104.74 | 105.89 |

USD/CAD: The CAD depreciated against the USD during the month of July by 1.27% to close at \$1.3415.

CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account deficit for the March 2020 quarter is estimated at US\$173.3 million (1.1% of GDP). This is US\$3.8 million worse than the previous projected US\$74.6 million and worse when compared to the current account deficit for the March 2019 quarter.

MONEY SUPPLY

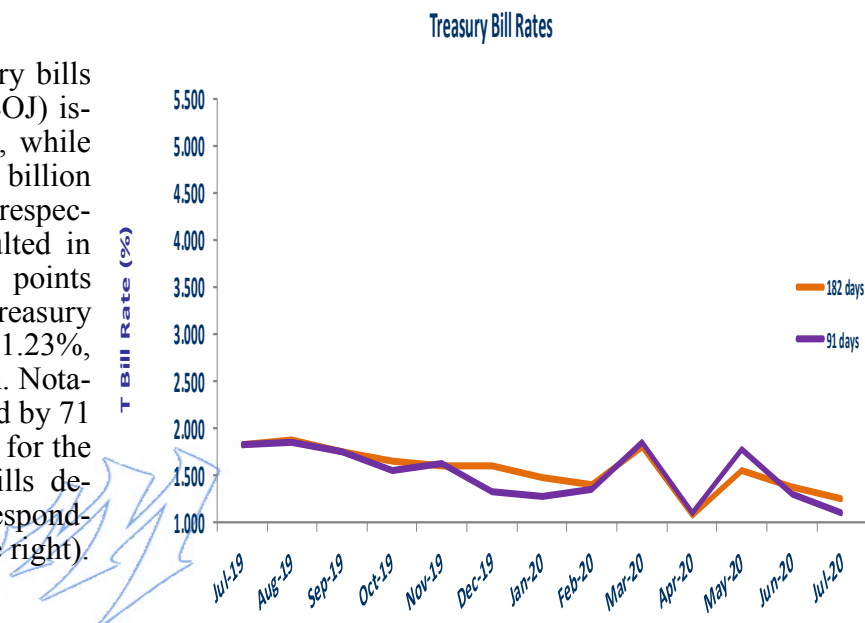
| Components of Money Supply (M2*) | | | |
|----------------------------------|--------|--------|--------|
| Percentage Change (%) | Feb-19 | Dec-19 | Feb-20 |
| Total Money Supply (M2*) | 11.8 | 15.0 | 15.1 |
| Money Supply (M2J) | 12.2 | 17.8 | 16.1 |
| Money Supply (M1J) | 14.2 | 14.9 | 19.1 |
| Currency 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% at February 2020, relative to the previous projection of 13%. 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% increase in local currency deposits, which stemmed mainly from growth in savings and demand deposits of 14.7% and 21.5%, respectively. This was also supported by 15.5% growth in currency in circulation."



Treasury Bills:

For the month of July 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\$3.56 billion and J\$2.81 billion for the 90-day and 180 –day treasury bills, respectively. The 91-day treasury bill auction resulted in the average yield of 1.10%, down 18 basis points compared to June 2020, whilst the 182-day treasury bill auction resulted in the average yield of 1.23%, down 13 basis points relative to June's outturn. Notably, the average yields on the 91-day decreased by 71 basis points compared to the auctions in 2019 for the comparable period. The 182-day treasury bills declined by 26 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 |
|------------|---------|---------------------|-------------------|-----------|----------------------------|
| 10-Jul-20 | 30 Days | 1.00% | N/A | Fixed | 3-Aug-20 |

The Bank of Jamaica issued no Certificate of Deposit during the month of May and June 2020 relative to a 30 Days Treasury Bill during the month of July 2020.

TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in June 2020 amounted to 7,188 a significant decrease of 97% when compared to 238,888 recorded June 2019. Notably this is due to travel restrictions implemented in April, as a result of the pandemic. Also, Jamaica borders were re-opened on June 15, 2020, however, cruise ship piers remain closed.

Stopover arrivals from the U.S. market decreased by 96.5% in June 2020 with a total of 6,458 arrivals compared to 186,707 arrivals in June 2019.

The Canadian market recorded an decrease in arrivals by 97.5% with arrivals amounting to 485 relative to 19,490 in June of last year.

The European market region recorded a decrease in arrivals by 99.4% to total 133 stopover arrivals in June 2020, relative to 22,762 recorded for June 2019.

Arrivals from Caribbean recorded an decrease of 98.5% with a total of 90 stopovers relative to 6,150 recorded in June 2019 (see Tourist Arrivals table to the right).

| Stopover Arrivals by Market Region | | | | | |
|------------------------------------|-----------|---------|-----------|---------|----------|
| Country | June 2020 | Share % | June 2019 | Share % | Change % |
| U.S.A. | 6,458 | 89.8% | 186,707 | 78.2% | -96.5% |
| Canada | 485 | 6.7% | 19,490 | 8.2% | -97.5% |
| Europe | 133 | 1.9% | 22,762 | 9.5% | -99.4% |
| Latin America | 5 | 0.1% | 2,602 | 1.1% | -99.8% |
| Caribbean | 90 | 1.3% | 6,150 | 2.6% | -98.5% |
| Asia | 11 | 0.2% | 607 | 0.3% | -98.2% |
| Others | 6 | 0.1% | 570 | 0.2% | -98.9% |
| Total | 7,188 | 100.0% | 238,888 | 100.0% | -97.0% |



REMITTANCE

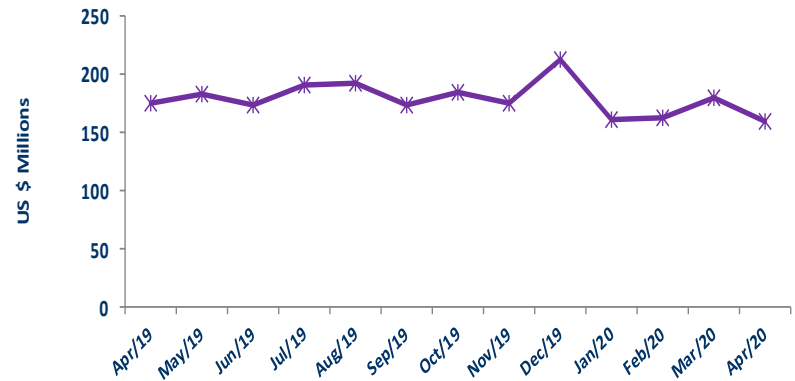
Latest data from the Bank of Jamaica (BOJ), for April 2020, showed net remittances were US\$159.7 million, a decrease of US\$15.40 million (8.8%) relative to US\$175.1 million reported for the corresponding month of 2019.

For the period January 2020 to April 2020, net remittance inflows totalled US\$663.6 million, relative to US\$669.1 million for the corresponding period in 2019.

For April 2020, total inflows amounted to US\$181.8 million, while outflows totalled US\$22.1 million.

The largest source market of remittances to the island in April was USA with a share of 77.9%. The remaining remittances during the above mentioned month came from Canada (10.7%) followed by UK (9.0%) and others (2.3%).

Net Remittance



NET INTERNATIONAL RESERVES

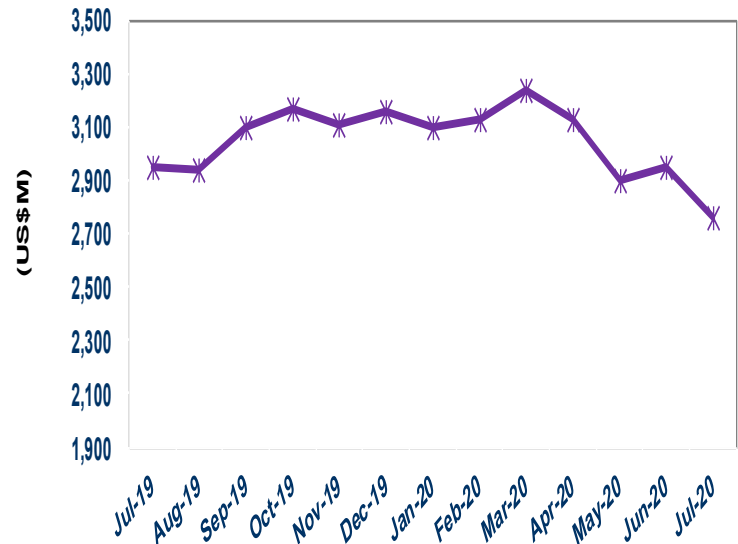
Jamaica's Net International Reserves (NIR) totaled US\$2,758.36 million as at July 2020, reflecting a decrease of US\$190.90 million relative to the US\$2,949.26 million reported at the end of June 2020 (see figure 1).

Changes in the NIR resulted from an decrease in Foreign Assets of US\$164.93 million to total US\$3,740.09 million compared to the US\$3,905.02 million reported for June 2020. 'Currency & Deposits' contributed the most to the decrease in Foreign Assets. 'Currency & Deposits' as at July 2020 totaled US\$3,191.91 million reflecting a decrease of US\$169.43 million compared to US\$3,361.33 million booked as at June 2020.

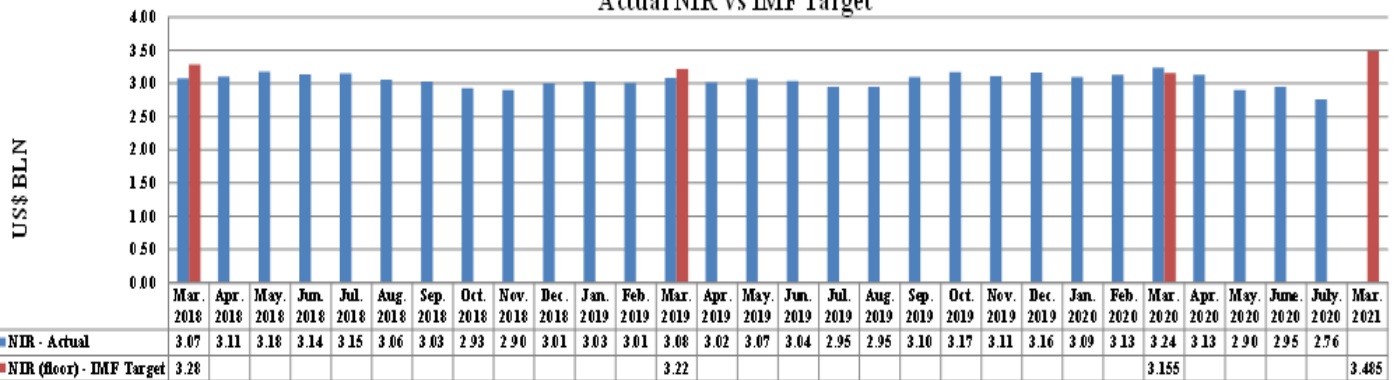
'Securities' amounted to US\$318.90 million; US\$3.76 million less than the US\$322.66 million reported in June 2020. While, 'SDR & IMF Reserve Position' amounted to US\$229.28 million; US\$8.25 million more than the US\$221.03 million reported in June 2020. Foreign Liabilities for July 2020 amounted to US\$981.73 million compared to the US\$955.76 million reported for June 2020. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$25.96 million increase month over month from June 2020.

At its current value, the NIR is US\$192.99 million less than its total of US\$2,951.35 million as at the end of July 2019. The current reserve is able to support approximately 53.95 weeks of goods imports or 36.54 weeks of goods and services imports.

NIR



Actual NIR vs IMF Target



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