

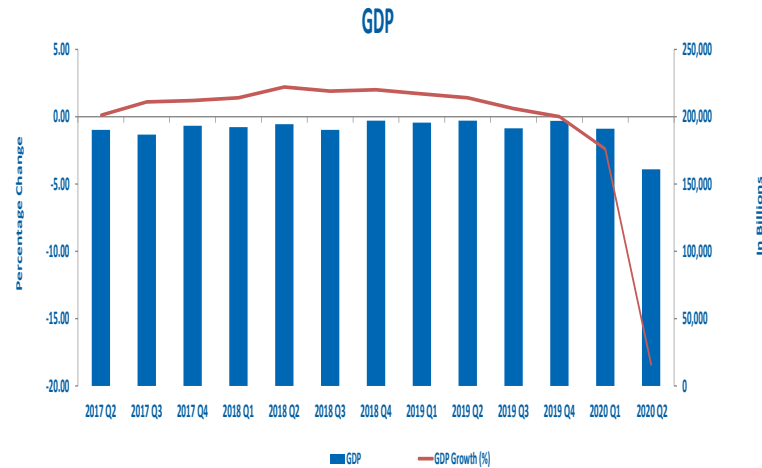
LOCAL ECONOMY

GROSS DOMESTIC PRODUCT

The latest data from the Statistical Institute of Jamaica indicated, total value added at constant prices for the Jamaican economy was \$160,859 million for the second quarter of 2020. This reflects a 18.4% decline when compared to 197,012 million for the similar quarter of 2019. This resulted from underperformances in both Services and Goods Industries which declined by 20.3% and 12.7%, respectively.

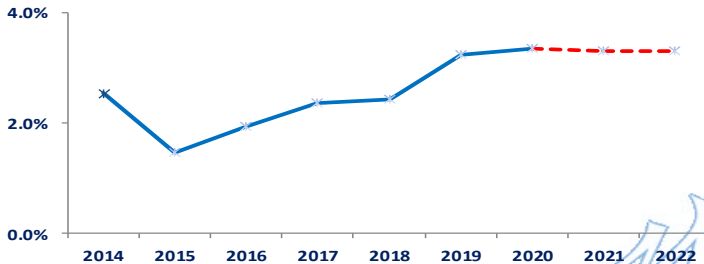
All industries within the Services Industries, with the exception of the Producers of Government Services declined; Electricity & Water Supply (8.7%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (15.6%), Hotels & Restaurants (85.6%), Transport, Storage & Communication (20.8%), Finance & Insurance Services (5.5%), Real Estate, Renting & Business Activities (5.5%) and Other Services (44.3%). The Producers of Government Services grew by 0.2%.

STATIN stated, “The Goods Producing Industries, recorded declines in all four industries: Agriculture, Forestry & Fishing (7.9%), Mining & Quarrying (25.2%), Manufacturing (11.8%) and Construction (14.5%).”



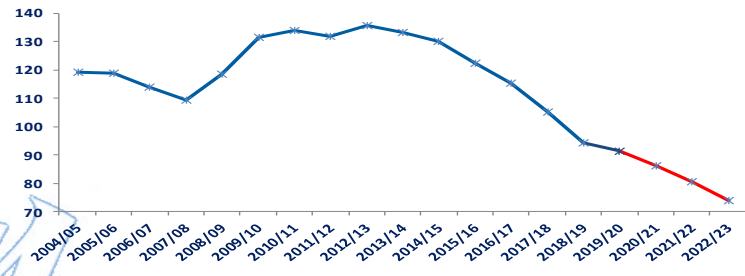
CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



DEBT TO GDP

Total Debt to GDP (%)



Total Expenditure for the period April to August 2020 amounted to \$271.05 billion, 662.70 million or 0.2% less than the budgeted amount of \$271.71 billion. Recurrent expenditure which totalled \$251.12 billion, accounted for 92.65% of overall expenditures. Relative to projections, recurrent expenditure was \$2.35 billion, 0.9% less than budgeted. Of the recurrent expenditure categories for the review period, the categories above the budgeted amount were ‘Programmes’ and ‘Wages and Salaries’. ‘Programmes’ amounted to \$104.76 billion and was \$276 million or 0.3% more than budgeted while ‘Wages and Salaries’ totalled \$85.82 billion, 0.1% above the budgeted amount of \$85.74 billion. ‘Compensation of Employees’ amounted to \$91.68 billion which was \$237.30 million or 0.3% less than budgeted. Additionally, ‘Employee Contribution’ totalled \$5.86 billion, 5.1% less than the budgeted amount of \$6.17 billion.

The ‘Fiscal Deficit’ was \$70.99 billion, relative to a ‘Projected Deficit’ of \$77.47 billion. Additionally, the primary deficit balance for the period amounted to \$16.31 billion, 20% less than budgeted.

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 July 2020, Jamaica’s total debt stands at \$ 2.06 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.



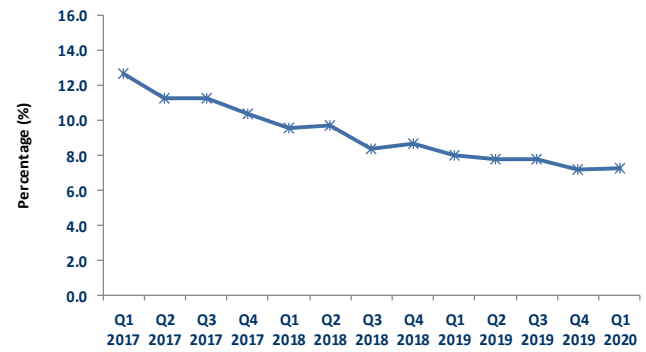


LABOUR FORCE

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. Due to the negative effects of COVID-19, BOJ projects that labour market conditions will worsen over the next eight quarters. In BOJ’s Quarterly Monetary Policy Report, the average unemployment rate over the June 2020 to March 2022 quarters is projected to increase to 10.3% (within the range of 10.0% to 12.0%) relative to the 7.5% over the past year.

PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

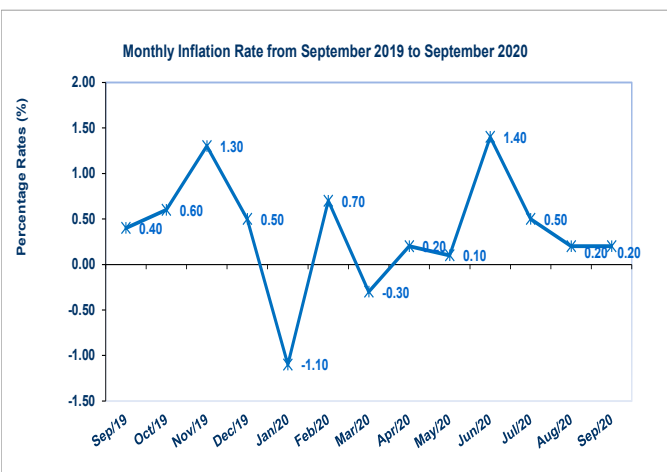
Producer Price Index:

“The Producer Price Index for the ‘Mining and Quarrying’ industry increased by 6% for August 2020”, according to the Statistical Institute of Jamaica (STATIN). This increase in the index resulted from an upward movement of 6.2% in the index for the major group, ‘Bauxite Mining & Alumina Processing’. Also, the index for ‘other Mining & Quarry’ rose by 1.4%.

The index for the Manufacturing industry increased by 1.5%, which was mainly attributed to increases in the index for the major groups ‘Refined Petroleum Products,’ which went up by 6.5%, ‘Food, Beverages & Tobacco’ which rose by 0.5%, and lastly ‘Chemical and Chemical Products’ which advanced by 0.8%.

For the point-to-point period, August 2019 – August 2020, the index for the ‘Mining & Quarrying’ industry decreased by 1.6%, due to the index fall in major group ‘Bauxite & Alumina Processing’ by 1.8%. While the ‘Manufacturing’ industry index decreased by 2.3%.

Furthermore, STATIN noted, “For the 2020/2021 fiscal year, April 2020 - August 2020, the index for the Mining & Quarrying industry increased by 13.7%, while the index for the Manufacturing industry recorded an upward movement of 3%.”



Consumer Price Index:

The consumer price index for September 2020 was 106.1 resulting in an inflation rate of 0.2%, an increase when compared to the previous month’s 105.9 price index, according to the Statistical Institute of Jamaica (STATIN). Notably, STATIN indicated that the main contributors to this increase were: ‘Education’ which booked a 22.4% increase in its index due to higher tuition fee for the new school year. The Greater Kingston Metropolitan Area and Other Urban Centres each recorded an inflation rate of 0.5% and 0.6% respectively, while Rural Areas reported deflation of 0.2% for the September 2020 period.

The heaviest weighted division of ‘Food and Non-Alcoholic Beverages’ recorded a negligible movement for September 2020. The ‘Food’ group index also recorded a negligible movement, in which movement in the index for the group ‘Cereals and cereal products’ went up by 1% attributed to an increase in bread and bakery products. The index for the class ‘Meat and other parts of slaughtered land animals’ rose by 2.1% as a result of an increase in the price of chicken. STATIN noted, “the inflation rate in the ‘Food’ group was moderated by the fall in the prices for agricultural produce such as carrot, lettuce, yam and potatoes resulting in a 2.8% decrease in the index class ‘Vegetables, tubers, plantains, cooking bananas and pulses.’” Whereas, the ‘Non-Alcoholic Beverages’ group registered an increase of 0.3%.

The index for the ‘Housing, Water, Electricity, Gas and Other Fuels’ division recorded a 2.2% decrease in its index for September 2020. This was as a result of a 20.7% fall in the index for the group ‘Water Supply and Miscellaneous Services Related to the Dwelling,’ due to decreased water and sewage rates. This was however moderated by an increase in electricity rates as reflected in the class ‘Electricity, Gas and Other Fuels’ which booked a 1.9% increase in its index.

The ‘Education’ division recorded an increase of 22.4% in its index, mainly attributable to the rise in the cost of tuition fees for the start of the new school year 2020-2021, at the pre-primary and primary education level. These increases were mainly associated with the removal of discounts which were applied during the previous term.

There was a 0.2% increase in the index for the ‘Restaurant and Accommodation Services’ division for September 2020. The group ‘Food and Beverage Serving Services’ rose by 0.1%, due mainly to higher costs for meals consumed away from home. The removal of discounted rates for hotels resulted in a 10.2% increase in the index for the group ‘Accommodation Services.’

Lastly, the division for ‘Personal Care, Social Protection and Miscellaneous Goods and Services’ produced an increase of 0.5% for September 2020, which was a result of the upward movement in the index for the group ‘Personal Care’ by 0.6%.

The movement in the index for calendar year to date inflation was 3.6%, fiscal year-to-date was 2.3% and the point-to-point was 4.9%.



FOREIGN EXCHANGE MARKET

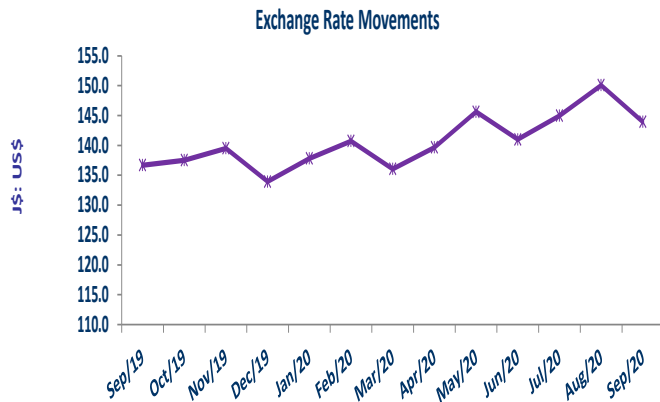
LOCAL FOREX

INTERNATIONAL FOREX

The Jamaica dollar appreciated against the USD for the month of September 2020. The JMD appreciated by \$6.13 in September, to close the month at an average of \$143.95 relative to the \$150.08 recorded in August 2020. Year over year, the JMD has depreciated by approximately \$7.26 or 5.31% relative to the \$136.69 reported as at September 2019.

GBP/USD: The pair closed at **\$1.2894** for the month of September. According to FX Empire, “The British pound has pulled back a bit during the trading session on Wednesday but sees a bit of support near the 1.28 level on the short-term charts. It is a market that looks very revolting as there are numerous amounts of reasons to think that the British pound could struggle. Brexit is still ongoing, and the United Kingdom is talking about locking down parts of its economy again.”

EUR/USD: The pair closed the month at **\$1.1745**. According to FX Empire, “The Euro has broken down towards the 1.17 level again during the trading session on Wednesday, as we are starting to see more concern come into the marketplace. Ultimately, this is a market that will probably go much lower towards the 1.15 handle.” Also “The markets are extraordinarily volatile right now and the headline certainly have been mixed at best. Beyond all of that, it looks as if we are seeing deflation in Germany, which is without a doubt one of the biggest contributors to the value of the Euro.”

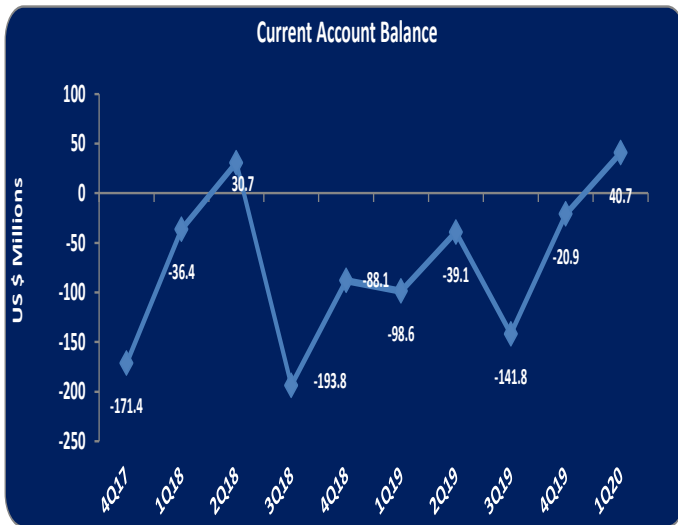


September 1-30				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3392	1.3403	1.2675	1.2894
USD/CAD	1.3062	1.3421	1.3038	1.3295
EUR/USD	1.1934	1.1934	1.1612	1.1745
USD/JPY	106.02	106.55	104.00	105.56

USD/CAD: The CAD depreciated against the USD during the month of September by 1.78% to close at \$1.3295.

CURRENT ACCOUNT BALANCE

MONEY SUPPLY



Components of Money Supply (M2*)			
Percentage Change (%)	Jul-19	Mar-20	Jun-20
Total Money Supply (M2*)	11.3	15.0	16.3
Money Supply (M2J)	12.8	13.4	16.5
Money Supply (M1J)	18.5	15.1	18.7
Currency with the public	13.0	16.2	24.7
Demand Deposits	22.5	14.3	14.8
Quasi Money	8.1	11.9	14.6
Savings Deposits	9.9	17.6	16.3
Time Deposits	1.8	-5.0	8.1
Foreign Currency Deposits	9.0	18.0	15.9

The latest data from the Bank of Jamaica shows the Current Account of Jamaica’s balance of payments for the March 2020 quarter reflecting a surplus of US\$40.7 million (0.3% of GDP). This is US\$214 million better than the previous projection and US\$139.3 million better when compared to the current account deficit for the March 2019 quarter. Notwithstanding, the Bank is anticipating that Jamaica will record a current account deficit of the balance of payments in the range of 6.0 – 7.5% of GDP for the fiscal year.

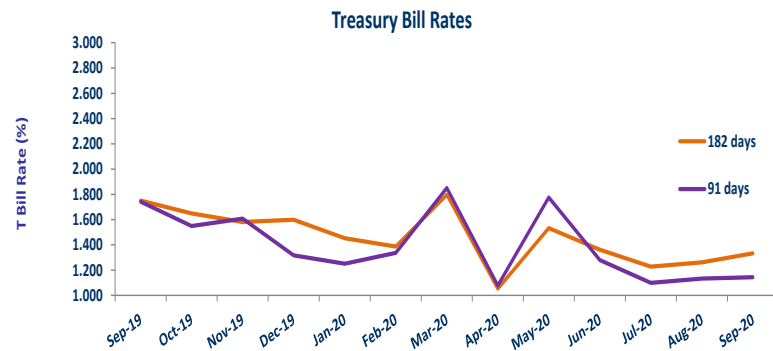
According to the latest data available from the Bank of Jamaica’s quarterly report, “The expansion in M2J at June 2020 was underpinned by growth of 14.6% in local currency deposits, an acceleration relative to the 12.7% recorded at end-March 2020. The acceleration in the growth in deposits was reflected in savings and demand deposits, which grew by 16.3% and 14.8% respectively, relative to growth of 17.6% and 14.3% in March 2020.”





Treasury Bills:

For the month of September 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\$1.93 billion and J\$1.45 billion for the 90-day and 180 –day treasury bills, respectively. The 91-day treasury bill auction resulted in the average yield of 1.14%, up 1.1 basis points compared to August 2020, whilst the 182-day treasury bill auction resulted in the average yield of 1.33%, up 7.1 basis points relative to August’s outturn. Notably, the average yields on the 91-day decreased by 60 basis points compared to the auctions in 2019 for the comparable period. The 182-day treasury bills declined by 42 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
18-Sep-20	28 Days	1.00%	N/A	Fixed	16-Oct-20

The Bank of Jamaica issued one 28 Days Certificate of Deposit during the month of September 2020.

TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in September 2020 amounted to 28,648 a significant decrease of 80.2% when compared to 144,583 recorded September 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 with the exception of the cruise ship piers.

Stopover arrivals from the U.S. market decreased by 75.3% in September 2020 with a total of 23,600 arrivals compared to 95,650 arrivals in September 2019 (see Tourist Arrivals table to the right).

The Canadian market recorded a decrease in arrivals of 89.1% with arrivals amounting to 1,935 relative to 17,819 in September of last year. The European market region recorded a decrease in arrivals by 87.9% to total 2,603 stopover arrivals in September 2020, relative to 21,483 recorded in September 2019.

Arrivals from Caribbean recorded a decrease of 93% with a total of 384 stopovers relative to 5,486 recorded in September 2019.

Country	Stopover Arrivals by Market Region				
	September 2020	Share %	September 2019	Share %	Change %
U.S.A.	23,600	82.4%	95,650	66.2%	-75.3%
Canada	1,935	6.8%	17,819	12.3%	-89.1%
Europe	2,603	9.1%	21,483	14.9%	-87.9%
Latin America	72	0.3%	3,051	2.1%	-97.6%
Caribbean	384	1.3%	5,486	3.8%	-93.0%
Asia	37	0.1%	595	0.4%	-93.8%
Others	17	0.1%	499	0.3%	-96.6%
Total	28,648	100.0%	144,583	100.0%	-80.2%

Tourist Arrivals: January 2020 - September 2020									
Month	Foreign Nationals	Change 2020/19	Change 2020/18	Non-Resident Jamaicans	Change 2020/19	Change 2020/18	Total Stopover Arrivals	Change 2020/2019	Change 2020/18
January	213,118	4.5%	16.0%	14,082	12.5%	28.7%	227,200	4.9%	16.7%
February	223,065	7.1%	21.5%	12,675	8.1%	26.1%	235,740	7.1%	21.8%
March	104,454	-59.2%	-52.9%	6,737	-57.5%	-54.7%	111,191	59.1%	-53.0%
April	0	-	-	0	-	-	0	-	-
Jan. - Apr.	540,637	-38.9%	-30.8%	33,494	-40.7%	-31.1%	574,131	-39.0%	-30.8%
May	0	-	-	0	-	-	0	-	-
June	5,570	-97.5%	-97.4%	1,618	-90.8%	-89.8%	7,188	-97.0%	-96.9%
July	34,537	-86.1%	-85.4%	7,404	-67.3%	-64.1%	41,941	-84.5%	-83.7%
August	36,454	-81.6%	-80.9%	7,359	-55.8%	-52.4%	43,813	-79.6%	-78.7%
September	24,673	-81.4%	-80.2%	3,975	-66.6%	-61.1%	28,648	-80.2%	-78.8%
May. - Sep.	101,234	-89.8%	-89.3%	20,356	-75.2%	-72.4%	121,590	-88.7%	-88.1%
Jan.-Sep.	641,871	-65.9%	-62.9%	53,850	-61.2%	-56.0%	695,721	-65.6%	-62.4%



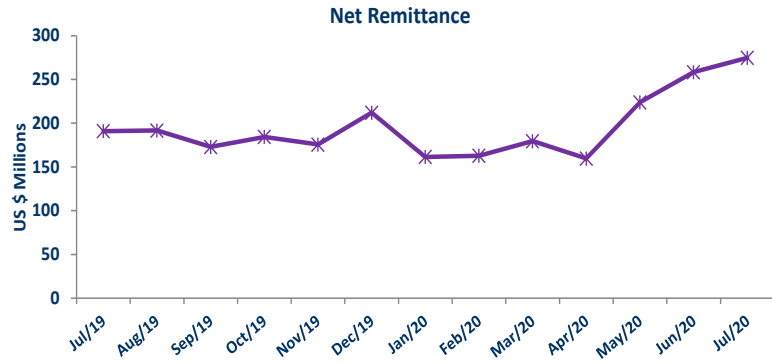
REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for July 2020, showed net remittances were US\$274.7 million, an increase of US\$83.7 million (43.8%) relative to US\$191.0 million reported for the corresponding month of 2019.

For the period April 2020 to July 2020, net remittance inflows totalled US\$916.6 million, relative to US\$722 million for the corresponding period in 2019.

For July 2020, total inflows amounted to US\$292.6 million (2019: US\$213.3 million), while outflows totalled US\$18 million (2019: 22.2 million).

The largest source market of remittances to the island in July was USA with a share of 67% (2019: 64.8%). The remaining remittances during the aforementioned month came from Canada (11.1%) followed by UK (10.8%) and others (3.7%).



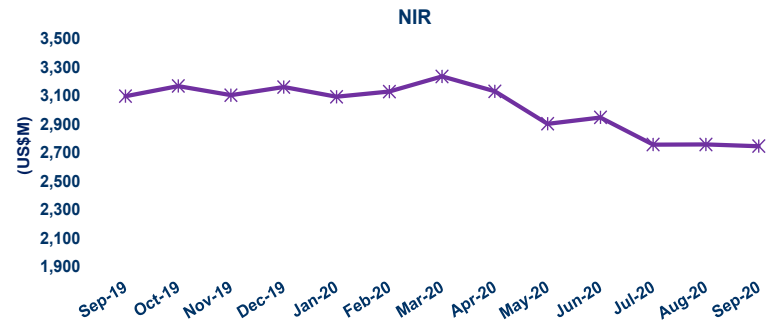
NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totalled US\$2,747.49 million as at September 2020, reflecting a decrease of US\$11.90 million relative to the US\$2,759.39 million reported at the end of August 2020 (see figure 1).

This significant change in the NIR resulted from a US\$31.81 million decrease in Foreign Assets which total US\$3,713.37 million compared to the US\$3,745.18 million reported for August 2020. 'Currency & Deposits' contributed the most to the decrease in Foreign Assets. 'Currency & Deposits' as at September 2020 totalled US\$3,182.55 million reflecting a decrease of US\$20.11 million compared to US\$3,202.66 million booked as at August 2020.

'Securities' amounted to US\$307.87 million; US\$9.90 million less than the US\$317.77 million reported at August 2020. While, 'SDR & IMF Reserve Position' amounted to US\$222.95 million; US\$1.80 million less than the US\$224.75 million reported at August 2020. Liabilities to the IMF accounted for 100% of total Foreign Liabilities; this amounted to US\$965.88 million which reflected a month on month decrease of US\$19.91 million in comparison to the US\$985.79 million recorded for August 2020.

At its current value, the NIR is US\$350.56 million less than its total of US\$3,098.05 million reported at the end of September 2019. The current reserve is able to support approximately 53.56 weeks of goods imports and 36.28 weeks of goods and services imports.



Month	2016	2017	2018	2019	2020
Jan	2,200.12	2,469.43	3,203.36	3,030.94	3,094.25
Feb	2,269.76	2,615.26	3,179.50	3,007.49	3,131.28
Mar	2,415.53	2,769.17	3,074.57	3,084.83	3,237.67
Apr	2,335.90	2,848.87	3,106.57	3,019.08	3,132.65
May	2,304.72	2,672.77	3,175.88	3,074.33	2,904.49
Jun	2,265.13	2,616.81	3,135.49	3,035.31	2,949.26
Jul	2,389.49	2,736.35	3,149.48	2,951.35	2,758.36
Aug	2,515.52	3,669.37	3,058.42	2,936.45	2,759.39
Sept	2,463.01	3,137.14	3,026.72	3,098.05	2,747.49
Oct	2,443.23	3,084.98	2,925.33	3,169.57	
Nov	2,556.43	3,116.22	2,899.06	3,105.87	
Dec	2,719.37	3,208.29	3,005.41	3,162.53	

