

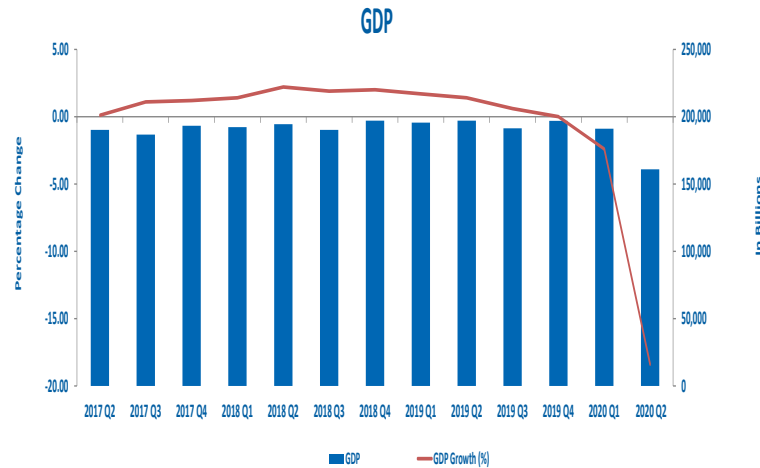
## LOCAL ECONOMY

### 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.

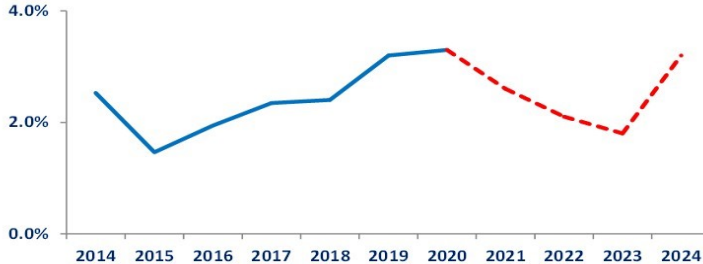
All industries within the Services Industries, with the exception of the Producers of Government Services declined; Electricity & Water Supply (8.7%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (15.6%), Hotels & Restaurants (85.6%), Transport, Storage & Communication (20.8%), 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 (%)

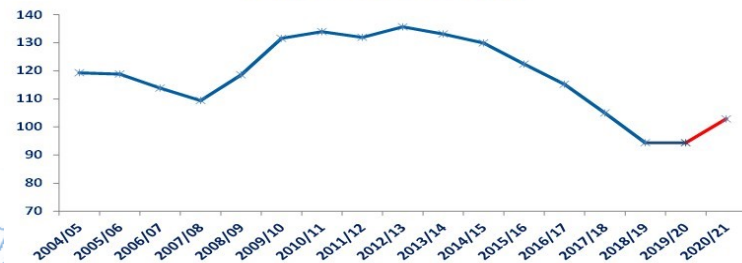


Total Expenditure for the period April to September 2020 amounted to \$317.87 billion, \$5.69 billion or 1.8% less than the budgeted amount of \$323.56 billion. Recurrent expenditure which totalled \$294.78 billion, accounted for 92.74% of overall expenditures. Of the recurrent expenditure categories for the review period, the categories above the budgeted amount were 'Compensation of Employees' and 'Wages and Salaries'. 'Compensation of Employees' amounted to \$110.40 billion and was \$47.4 million or 0.04% more than budgeted while 'Wages and Salaries' totalled \$103.36 billion, 0.5% above the budgeted amount of \$102.84 billion. Relative to projections, 'Programmes totalled \$120.57 billion, 3.2% less than budgeted. Additionally, 'Employee Contribution' totalled \$7.04 billion, 6.4% less than the budgeted amount of \$7.51 billion.

The 'Fiscal Deficit' was \$61.30 billion, relative to a 'Projected Deficit' of \$76.71 billion. Additionally, the primary surplus balance for the period amounted to \$2.52 billion, relative to the budgeted primary deficit balance of \$9.84 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 102.9% is projected for the end FY 2020/21. As at August 2020, Jamaica's total debt stands at \$ 2.07 trillion.

As Jamaica recovers from the projected downturn in real GDP, the Government forecasts a real GDP growth in the range of 3.0% to 5.0% over the medium term following the 7.9% contraction in FY 2020/21. Real GDP is expected to grow 4.2% in FY 2021/22, 5.1% in FY 2022/23 and then 2.9% in FY 2023/24 according to the FPP. 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.

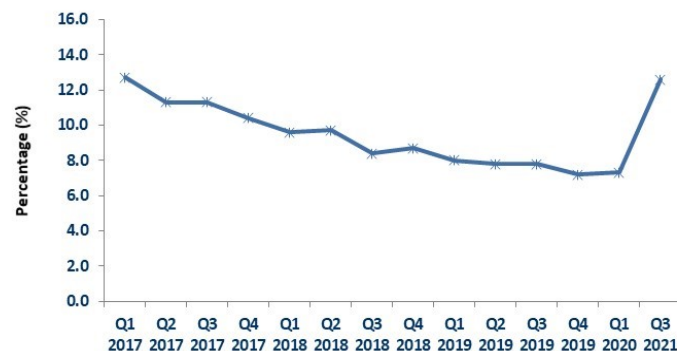


## LABOUR FORCE

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	na	12.6	

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	na	1,279,600	

Unemployment Rate



The Labour Force at July 2020, was 1,279,600 persons, a decline of 81,200 persons or 6% when compared to July 2019. The male labour force decreased by 73,100 to 620,100 persons. While the female labour force decreased by 62,700 persons to 498,200 in July 2020. The Employed Labour Force for July 2020 was 1,118,300 which was 135,800 fewer than in July 2019. Males accounted for a little over one-half of the decline. The largest decline for males was in the occupation groups 'Elementary Occupations' and 'Crafts and Related Trades Workers' while for females it was 'Service Workers and Shop and Market Sales Workers' and 'Elementary Occupations'.

## PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

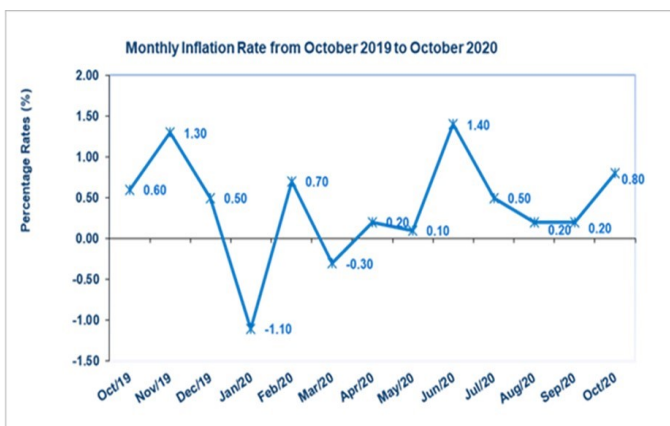
### Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry decreased by 3.7% for September 2020", according to the Statistical Institute of Jamaica (STATIN). This increase in the index resulted from a downward movement of 3.8% in the index for the major group, 'Bauxite Mining & Alumina Processing'. Also, the index for 'other Mining & Quarry' fell by 0.9%.

The index for the Manufacturing industry contracted by 0.7%, which was mainly attributed to decreases in the index for the major groups 'Refined Petroleum Products,' which went down by 4.8%, this tempered by the index 'Food, Beverages & Tobacco' which rose by 0.1%, and lastly 'Wood, Wood Products and Furniture' which advanced by 3.0%.

For the point-to-point period, September 2019 – September 2020, the index for the 'Mining & Quarrying' industry decreased by 5.3%, due to the index fall in major group 'Bauxite & Alumina Processing' by 1.8%. While the 'Manufacturing' industry index decreased by 5.6%.

Furthermore, STATIN noted, "For the 2020/2021 fiscal year, April 2020 - September 2020, the index for the Mining & Quarrying industry increased by 9.5%, while the index for the Manufacturing industry recorded an upward movement of 2.4%."



### Consumer Price Index:

According to the Statistical Institute of Jamaica (STATIN) the consumer price index for October 2020 was 106.9 resulting in an inflation rate of 0.8%, a 0.6% increase when compared to the previous month's 106.1 price index. Notably, STATIN indicated that the main contributor to this increase was a 1% rise in the index for the heavily weighted division 'Food and Non-Alcoholic Beverages'. This was attributed to higher prices for items such as tomato, sweet pepper and lettuce resulted in the index for the class 'Vegetables, tubers, plantains, cooking bananas and pulses' moved up by 2.2%. Another major contributor to the upward movement was the index for the 'Restaurants and Accommodation Services' division which advanced by 3.1% due to increased prices for some meals consumed away from home.

The heaviest weighted division of 'Food and Non-Alcoholic Beverages' recorded a 1% increase for October 2020. The 'Food' group index also recorded growth of 1%, while the 'Non-Alcoholic Beverages' group went up by 0.4%. The higher prices for agricultural produce such as tomato, sweet pepper and lettuce resulted in the 2.2% increase in the 'Vegetables, tubers, plantains, cooking bananas and pulses' class. On the other hand, lower prices for yam, pumpkin and onion tempered the movement for this class.

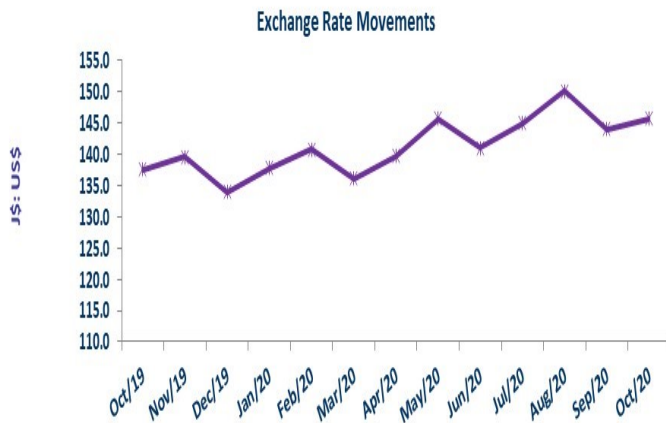
The 'Alcoholic Beverages, Tobacco and Narcotics' division advanced by 0.3% for October 2020, due to a 0.3% increase in the index for the class 'Alcoholic Beverages'. While the division for 'Clothing and Footwear' observed an increase of 0.1% in its index for October 2020. In the index, the groups 'Clothing' and 'Footwear' climbed by 0.1%.

The index for the 'Housing, Water, Electricity, Gas and Other Fuels' division recorded a 0.7% increase for October 2020. This was as a result of a 1.9% rise in the index for the group 'Electricity, Gas and Other Fuels,' due to increased electricity rates. The increase was also supported by a 0.9% increase in the group 'Water Supply and Miscellaneous Services Related to the Dwelling' which resulted from higher water and sewage rates.

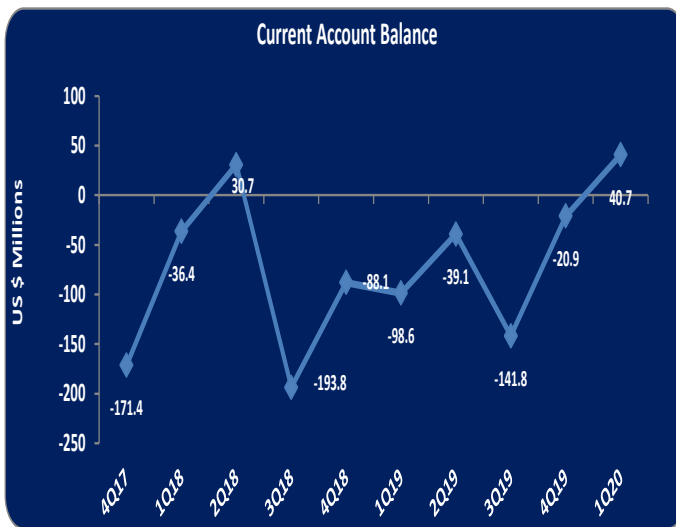
## FOREIGN EXCHANGE MARKET

### LOCAL FOREX

The Jamaica dollar depreciated against the USD for the month of October 2020. The JMD depreciated by \$1.72 in October, to close the month at an average of \$145.67 relative to the \$143.95 recorded in October 2019. Year over year, the JMD has depreciated by approximately \$8.16 or 5.93% relative to the \$137.51 reported as at October 2019.



### CURRENT ACCOUNT BALANCE



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.

### INTERNATIONAL FOREX

**GBP/USD:** The pair closed at **\$1.2948** for the month of October. According to FX Empire, "The British pound has fallen a bit during the course of the week but recovered nicely to reach towards the 1.30 level. Quite frankly, this is going to be one of the more difficult pairs to trade right now because we are in an area that has been so crucial for so many different times. Furthermore, it appears that the United Kingdom may have to slow its economy down, if not market down. We also have the noise coming out about Brexit that will continue to cause issues".

**EUR/USD:** The pair closed the month at **\$1.1677** According to FX Empire, "The Euro broke down significantly during the course of the final week, to continue the sideways action that displayed for the last month or so. we are continuing to see a lot of uncertainty around the world and quite frankly with the European Union looking to lock itself down, it is difficult to imagine a scenario where the Euro is going to suddenly be going straight up in the air."

October 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2894	1.3177	1.2837	1.2948
USD/CAD	1.3295	1.3390	1.3081	1.3330
EUR/USD	1.1745	1.1881	1.1640	1.1677
USD/JPY	105.56	106.11	104.02	104.66

**EUR/USD:** The USD appreciated against the EUR during the month of October by 0.58% to close at \$1.1677.

### 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

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 October 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\$4.45 billion and J\$3.58 billion for the 90-day and 180 – day treasury bills, respectively. The 91-day treasury bill auction resulted in the average yield of 0.975%, down 16.8 basis points compared to September 2020, whilst the 182-day treasury bill auction resulted in the average yield of 1.12%, down 21.4 basis points relative to the prior month. Notably, the average yields on the 91-day decreased by 57 basis points compared to the auctions in 2019 for the comparable period. The 182-day treasury bills declined by 53 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
7-Oct-20	28 Days	1.00%	N/A	Fixed	6-Nov-20

The Bank of Jamaica issued one 28-days Certificate of Deposit during the month of October 2020.

## TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in October 2020 amounted to 45,106 a significant decrease of 74.4% when compared to 176,514 recorded October 2019. Notably this is due to global travel restrictions as a result of the pandemic. 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 67.9% in October 2020 with a total of 38,428 arrivals compared to 119,544 arrivals in October 2019.

The Canadian market recorded a decrease in arrivals of 89.5% with arrivals amounting to 2,419 relative to 23,100 in October of last year. The European market region recorded a decrease in arrivals by 85.2% to total 3,638 stopover arrivals in October 2020, relative to 24,568 recorded in October 2019.

Arrivals from Caribbean recorded a decrease of 92.4% with a total of 423 stopovers relative to 5,554 recorded in October 2019 (see Tourist Arrivals table to the right).

Stopover Arrivals by Market Region					
	October	Share	October	Share	Change
Country	2020	%	2019	%	%
U.S.A.	38,428	85.2%	119,544	67.7%	-67.9%
Canada	2,419	5.4%	23,100	13.1%	-89.5%
Europe	3,638	8.1%	24,568	13.9%	-85.2%
Latin America	119	0.3%	2,743	1.6%	-95.7%
Caribbean	423	0.9%	5,554	3.1%	-92.4%
Asia	39	0.1%	529	0.3%	-92.6%
Others	40	0.1%	476	0.3%	-91.6%
Total	45,106	100.0%	176,514	100.0%	-74.4%



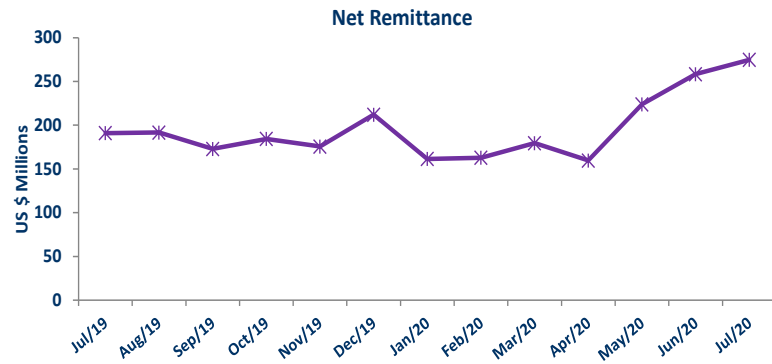
## REMITTANCE

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%).



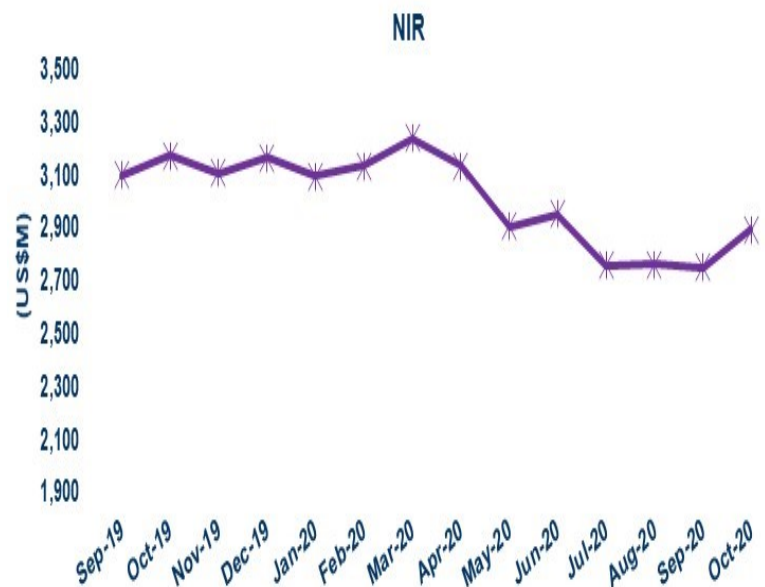
## NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totalled US\$2,893.31 million as at October 2020, reflecting an increase of US\$145.81 million relative to the US\$2,747.49 million reported at the end of September 2020 (see figure 1).

This significant change in the NIR resulted from a US\$146.25 million increase in Foreign Assets which total US\$3,859.62 million compared to the US\$3,713.37 million reported for September 2020. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at October 2020 totalled US\$3,314.60 million reflecting an increase of US\$132.05 million compared to US\$3,182.55 million booked as at September 2020.

'Securities' amounted to US\$321.43 million; US\$13.56 million more than the US\$307.87 million reported at September 2020. While, 'SDR & IMF Reserve Position' amounted to US\$223.59 million; US\$0.64 million more than the US\$222.95 million reported at September 2020. Liabilities to the IMF accounted for 100% of total Foreign Liabilities; this amounted to US\$966.32 million which reflected a month on month increase of US\$0.44 million in comparison to the US\$965.88 million recorded for September 2020.

At its current value, the NIR is US\$276.26 million less than its total of US\$3,169.57 million reported at the end of October 2019. The current reserve is able to support approximately 50.85 weeks of goods imports and 36.70 weeks of goods and services imports.



**Actual NIR vs IMF Target**

