

## LOCAL ECONOMY

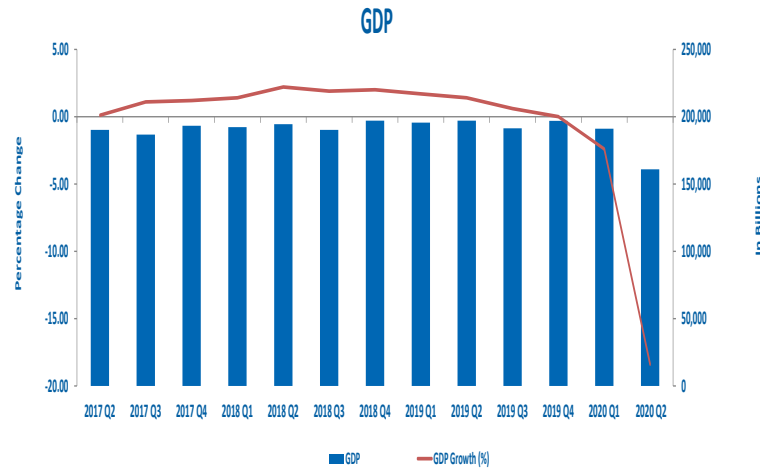
### GROSS DOMESTIC PRODUCT

The Planning Institute of Jamaica (PIOJ) estimates that for the July to September 2020 quarter, real GDP fell by an estimated 11.3% relative to the corresponding quarter of 2019.

The Goods Producing and Services Industries contracted by 3.6% and 13.0% respectively. Within the Goods Producing Industry, there were decreases in output for the Mining & Quarrying (22.9%), Manufacturing (8.7%) whereas Construction and Agriculture, Forestry & Fishing increased by 5.0% and 2.0%, respectively.

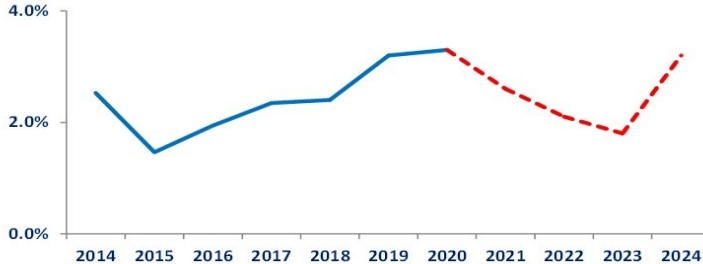
All industries within the Services Industry recorded a fall in real value added for the second quarter 2020, excluding Producers of Government Services. The industries estimated to have registered the largest contraction were Hotels & Restaurants (down 63.8%); Other Services (down 34.3%); and Transport, Storage & Communication (down 17.4%).

For the first nine months of 2020, real GDP is estimated to have decreased by 10.7%.



### CAPITAL EXPENDITURE TO GDP

#### Capital Expenditure to GDP (%)

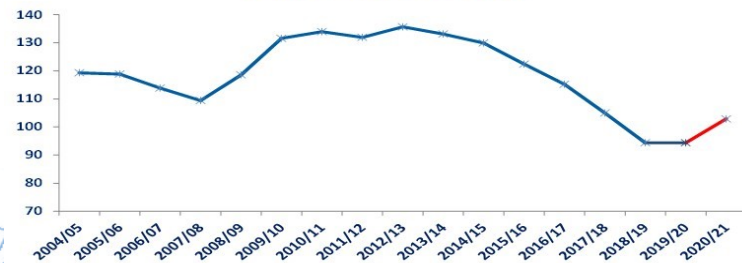


Total Expenditure for the period April to September 2020 amounted to \$317.87 billion, \$5.69 billion or 1.8% less than the budgeted amount of \$323.56 billion. Recurrent expenditure which totalled \$294.78 billion, accounted for 92.74% of overall expenditures. Of the recurrent expenditure categories 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 October 2020, Jamaica's total debt stands at \$ 2.05 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.

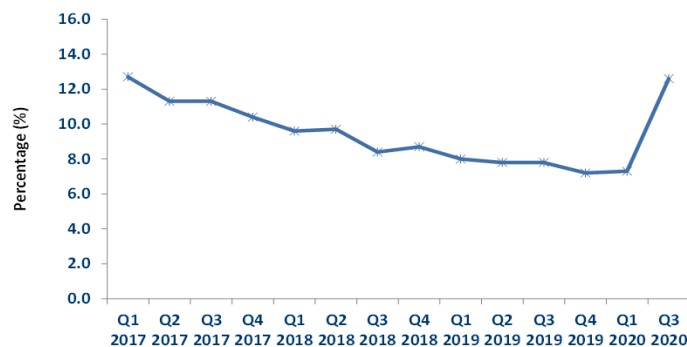


## LABOUR FORCE

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

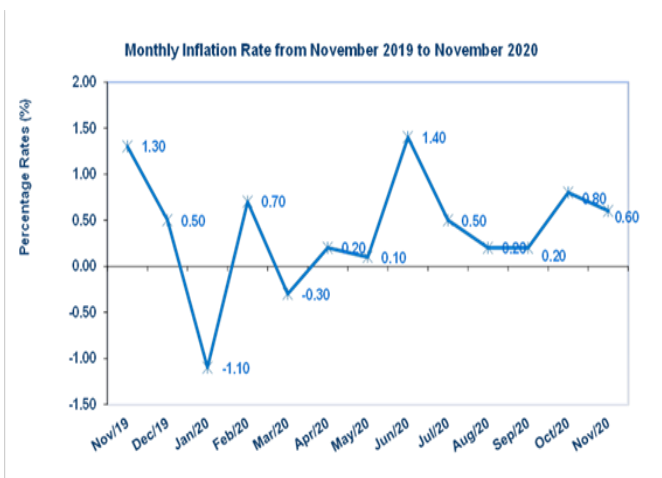
### Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry increased by 3.8% for October 2020", according to the Statistical Institute of Jamaica (STATIN). This movement resulted from a 4.0% increase in the index for the major group, 'Bauxite Mining & Alumina Processing'. Also, the index for 'other Mining & Quarry' rose by 0.3%.

The index for the Manufacturing industry contracted by 0.3%, which was mainly attributed to decreases in the index for the major groups 'Refined Petroleum Products,' which went down by 4.3%, this tempered by the index 'Food, Beverages & Tobacco' which rose by 0.7%, and lastly 'Chemicals and Chemical Product' which advanced by 0.1%.

For the point-to-point period, October 2019 – October 2020, the index for the 'Mining & Quarrying' industry decreased by 2.6%, due to the index fall in major group 'Bauxite & Alumina Processing' by 2.8%. While the 'Manufacturing' industry index increased by 0.9%.

Furthermore, STATIN noted, "For the 2020/2021 fiscal year, April 2020 - October 2020, the index for the Mining & Quarrying industry increased by 13.7%, while the index for the Manufacturing industry recorded an upward movement of 2.1%."



### Consumer Price Index:

According to the Statistical Institute of Jamaica (STATIN) the consumer price index for November 2020 was 107.6 resulting in an inflation rate of 0.6%, when compared to the previous month's 106.9 price index. Notably, STATIN indicated that the main contributor to this increase was a 1.7% rise in the index for the heavily weighted division 'Food and Non-Alcoholic Beverages'. Due to lower supplies caused by adverse weather conditions, the prices of vegetables such as carrot, cabbage, tomato and sweet pepper continued to increase. Consequently, the index for the class 'Vegetables, tubers, plantains, cooking bananas and pulses' increased by 5.7%. The index for the 'Housing Water, Electricity, Gas and Other Fuels' division recorded a negligible increase. This was mainly attributable to higher rates for electricity, which resulted in the index for the group 'Electricity, Gas and Other Fuels' increasing by 3.8%. The division's movement was however tempered by the decline of 2.3% in the index for the group 'Rentals for Housing'.

Other classes registering notable increases were: 'Meat and other parts of slaughtered land animals' 0.7%, 'Oils and Fats' 1.1%, 'Ready-made food and other food products n.e.c.' 1.2% and 'Fruits and nuts' 1.4%. In the 'Non-Alcoholic Beverages' group the index went up by 0.5%. Within this group, the index for all three classes increased with 'Fruit and Vegetable Juices' recording the highest movement of 0.7%, followed by 'Coffee, Tea and Cocoa' 0.4% and 'Water, Soft drinks and Other Non Alcoholic Beverages' 0.3%.

The 'Alcoholic Beverages, Tobacco and Narcotics' division advanced by 0.1% for November 2020, due to a 0.2% increase in the index for the class 'Alcoholic Beverages'. While the division for 'Clothing and Footwear' observed an increase of 0.4% in its index for November 2020. In the index, the groups 'Clothing' and 'Footwear' climbed by 0.5% and 0.3% respectively.

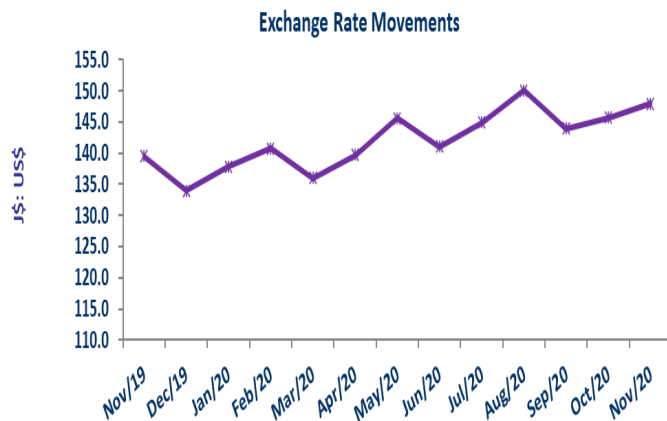
Inflation of 0.3% was recorded for the division 'Furnishings, Household Equipment and Routine Household Maintenance'. This was mainly due to the 1.0% rise in the index for the group 'Furniture, Furnishing and Loose Carpets.' STATIN noted that, "other groups recording increases were: 'Tools and Equipment for House and Garden' and 'Goods and Services for Routine Household Maintenance' each increased by 0.3%, 'Household Textiles' moved up by 0.2% and 'Household Appliances' went up by 0.1% for the period under review."

The division for 'Health' recorded an increase of 0.5% in its index for November 2020. The main contributing factor to this upward movement were increases in the groups 'Medicines and Health Products' and 'Outpatient Care Services' which increased by 0.5% and 0.4%, respectively. The movement in the index for calendar year to date inflation was 5.0%, fiscal year-to-date was 3.7% and the point-to-point was 4.3% as at November 2020.

## FOREIGN EXCHANGE MARKET

### LOCAL FOREX

The Jamaica dollar depreciated against the USD for the month of November 2020. The JMD depreciated by \$2.23 in November, to close the month at an average of \$147.90 relative to the \$145.67 recorded in October 2020. Year over year, the JMD has depreciated by approximately \$8.38 or 6.01% relative to the \$139.52 reported as at November 2019.



### INTERNATIONAL FOREX

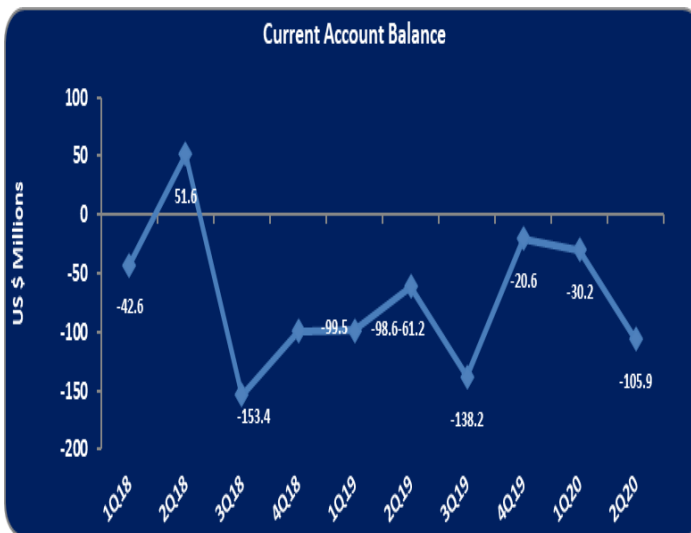
**GBP/USD:** The pair closed at **\$1.3391** for the month of November. According to FX Empire, "In the last trading week of November the GBP/USD tried to get back above 1.3350 while the U.S. dollar tested yearly lows against a broad basket of currencies. The U.S. Dollar Index managed to get below the support at 91.75 and tried to develop additional downside momentum. The U.S. Dollar Index has not visited this area since April 2018."

**EUR/USD:** The pair closed the month at **\$1.2038** versus 1.1646 at the start of the month, a 3.37% increase. According to FX empire, the depreciation might be due to "traders focusing more on the idea of the Federal Reserve flooding the markets of liquidity." However, looking ahead, "the U.S. Dollar Index gained upside momentum on worries about new COVID-19 strain in Britain. Many European countries have already closed their borders for British travelers, boosting demand for the safe-haven U.S. dollar on the foreign exchange market," as per FX empire.

November 1-30				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2950	1.3443	1.2854	1.3391
USD/CAD	1.3325	1.3371	1.2924	1.2959
EUR/USD	1.1646	1.2055	1.1603	1.2038
USD/JPY	104.67	105.68	103.18	104.41

**USD/CAD:** The CAD appreciated against the USD during the month of November by 2.75% to close at 1.2959.

### CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account of Jamaica's balance of payments for the June 2020 quarter amounted to US\$105.9 million (0.7 per cent of GDP), US\$44.7 million higher (worse than) than the current account deficit recorded for the June 2019 quarter. The CAD of the balance of payments is projected to improve significantly over the next eight quarters (December 2020 – September 2022), relative to the previous forecast, by an average of US\$116.7 million per quarter. This is largely underpinned by an upward revision to remittance inflows.

### MONEY SUPPLY

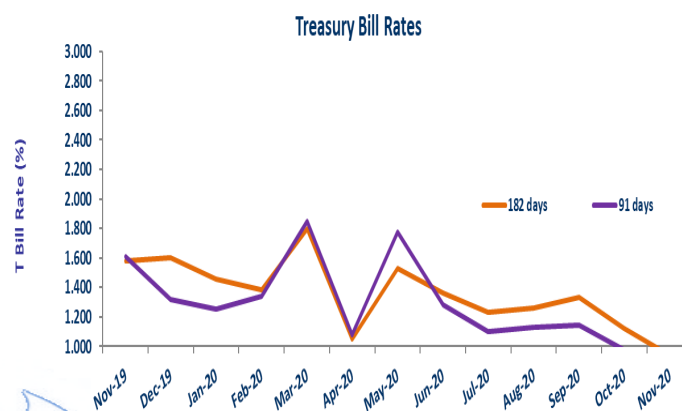
Components of Money Supply (M2*)			
Percentage Change (%)	Sep-19	Jun-20	Sep-20
Total Money Supply (M2*)	8.9	16.3	20.6
Money Supply (M2J)	11.5	16.5	21.1
Money Supply (M1J)	12.3	18.7	24.1
Currency with the public	11.9	24.7	27.1
Demand Deposits	12.7	14.8	22.1
Quasi Money	10.8	14.6	18.4
Savings Deposits	13.4	16.3	17.8
Time Deposits	2.0	8.1	20.7
Foreign Currency Deposits	4.5	15.9	19.8

According to the latest data available from the Bank of Jamaica's quarterly report, "The expansion in M2J at September 2020 was underpinned by growth of 19.7 per cent in local currency deposits, an acceleration relative to the 14.6 per cent recorded at end-June 2020. The acceleration in the growth in deposits was reflected in demand and savings deposits, which grew by 22.1 per cent and 17.8 per cent, respectively, relative to growth of 14.8 per cent and 16.3 per cent in June 2020."



## Treasury Bills:

For the month of November 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\$3.09 billion and J\$3.23 billion and J\$3.29 billion for the 91-day, 182-day and 273-day treasury bills, respectively. The 91-day treasury bill auction resulted in the average yield of 0.78%, down 19.3 basis points compared to October 2020, the 182-day treasury bill auction resulted in the average yield of 0.94%, down 17.8 basis points relative to the prior month. Whilst the 273-day treasury bill resulted in a yield of 1.04%. Notably, the average yields on the 91-day decreased by 83 basis points compared to the auctions in 2019 for the comparable period. The 182-day treasury bills declined by 64 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 no Certificate of Deposit during the month of November relative to the 28-days CD issued during October.

## TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in November 2020 amounted to 49,413 a significant decrease of 75.6% when compared to 202,783 recorded November 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 68.1% in November 2020 with a total of 42,980 arrivals compared to 134,614 arrivals in November 2019 (see Tourist Arrivals table to the right).

The Canadian market recorded a decrease in arrivals of 90.01% with arrivals amounting to 3,295 relative to 33,248 in November of last year. The European market region recorded a decrease in arrivals by 93.5% to total 1,725 stopover arrivals in November 2020, relative to 26,397 recorded in November 2019.

Arrivals from Caribbean recorded a decrease of 81.5% with a total of 872 stopovers relative to 4,707 recorded in November 2019.

Stopover Arrivals by Market Region					
Country	November 2020	Share %	November 2019	Share %	Change %
U.S.A.	42,980	87.0%	134,614	66.4%	-68.1%
Canada	3,295	6.7%	33,248	16.4%	-90.1%
Europe	1,725	3.5%	26,397	13.0%	-93.5%
Latin America	384	0.8%	2,660	1.3%	-85.6%
Caribbean	872	1.8%	4,707	2.3%	-81.5%
Asia	105	0.2%	773	0.4%	-86.4%
Others	52	0.1%	384	0.2%	-86.5%
Total	49,413	100.0%	202,783	100.0%	-75.6%





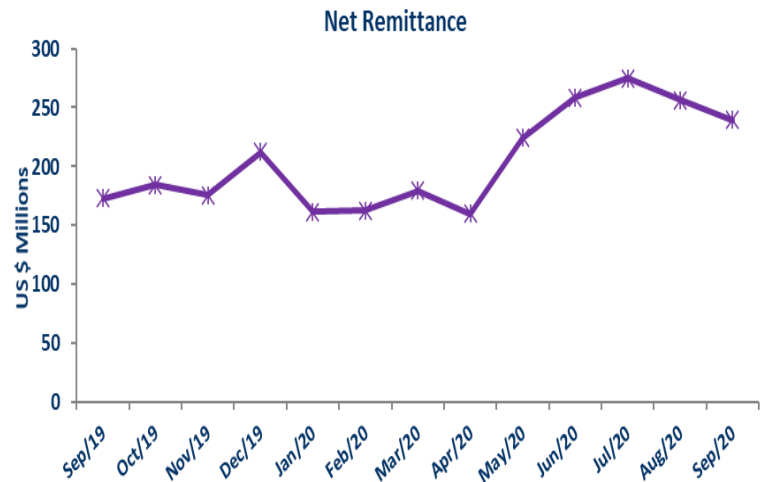
## REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for September 2020, showed net remittances were US\$239.2 million, an increase of US\$66.3 million (38.4%) relative to US\$172.9 million reported for the corresponding month of 2019.

For the period April 2020 to September 2020, net remittance inflows totalled US\$1,412.3 million, relative to US\$1,086.4 million for the corresponding period in 2019.

For September 2020, total inflows amounted to US\$259.7 million (2019: US\$193.2 million), while outflows totalled US\$20.5 million (2019: 20.3 million).

The largest source market of remittances to the island in September was USA with a share of 67.4% (2019: 64.8%). The remaining remittances during the aforementioned month came from Canada (12.0%) followed by UK (10.6%) and the Cayman Islands (6.3%).



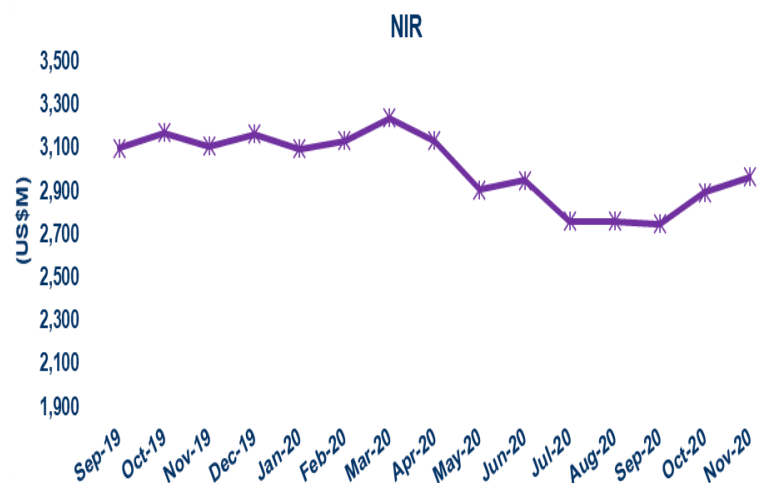
## NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totalled US\$2,962.76 million as at November 2020, reflecting an increase of US\$69.46 million relative to the US\$2,893.31 million reported at the end of October 2020.

This change in the NIR resulted from a US\$72.70 million increase in Foreign Assets which total US\$3,932.33 million compared to the US\$3,859.62 million reported for October 2020. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at November 2020 totalled US\$3,378.18 million reflecting an increase of US\$63.58 million compared to US\$3,314.60 million booked as at October 2020.

'Securities' amounted to US\$331.20 million; US\$9.77 million more than the US\$321.43 million reported at October 2020. While, 'SDR & IMF Reserve Position' amounted to US\$222.95 million; US\$0.64 million less than the US\$223.59 million reported at October 2020. Liabilities to the IMF accounted for 100% of total Foreign Liabilities; this amounted to US\$969.56 million which reflected a month on month increase of US\$3.25 million in comparison to the US\$966.32 million recorded for October 2020.

At its current value, the NIR is US\$143.11 million less than its total of US\$3,105.87 million reported at the end of November 2019. The current reserve is able to support approximately 51.99 weeks of goods imports and 37.39 weeks of goods and services imports.



**Actual NIR vs IMF Target**

