



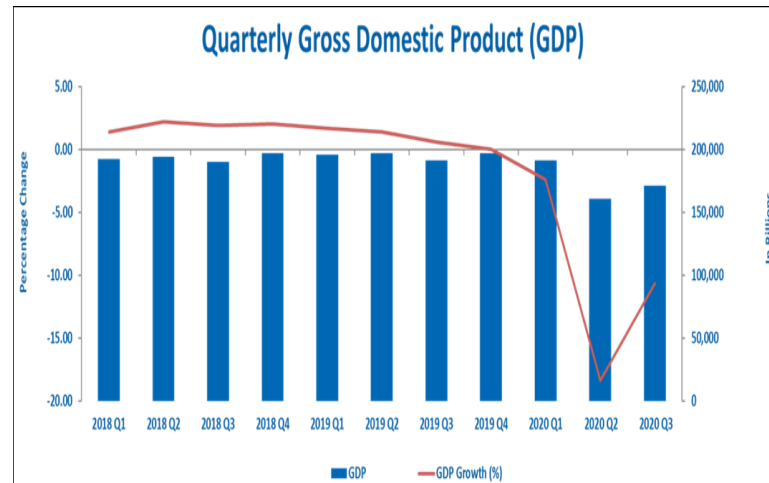
LOCAL ECONOMY

GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica (STATIN), the Jamaican economy declined by 10.7% in the third quarter of 2020 when compared to the similar quarter of 2019. This downward movement resulted from declines in both the Services Industries (13.1%) and the Goods Producing Industries (3.5%).

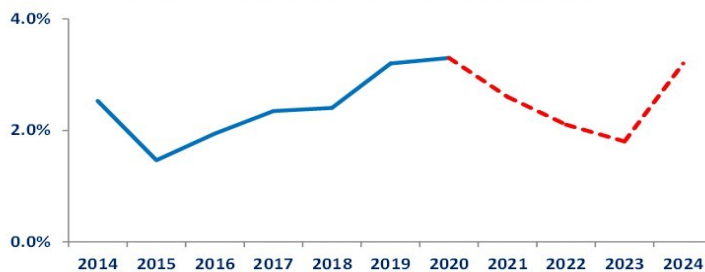
In the Services Industries, seven of the eight industries recorded declines: Electricity & Water Supply (7.0%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (8.1%), Hotels & Restaurants (65.2%), Transport, Storage & Communication (14.8%), Finance & Insurance Services (5.6%), Real Estate, Renting & Business Activities (2.8%) and Other Services (27.0%). Conversely, the Producers of Government Services grew by 0.1%.

Within the Goods Producing Industries, the Manufacturing and Mining & Quarrying industries declined by 10.9% and 20.7% respectively. However, higher levels of output were achieved in Agriculture, Forestry & Fishing (2.5%) and Construction (7.0%).



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



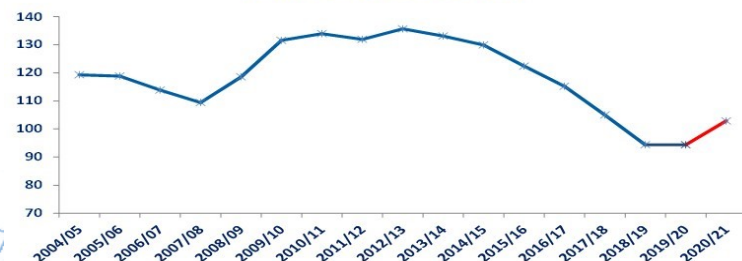
Total Expenditure for the period April to December 2020 amounted to \$468.51 billion, \$3.61 billion less than the budgeted amount of \$472.12 billion. Recurrent expenditure which totalled \$432.08 billion, accounted for 92.22% of overall expenditures. Of the recurrent expenditure categories for the review period, the only category above the budgeted amount was 'Interest'. 'Interest' totalled \$87.79 billion, 1.7% above the budgeted amount of \$86.32 billion.

Relative to projections, 'Wages and Salaries' amounted to \$155.74 billion and was \$63.4 million less than budgeted while 'Programmes' totalled \$177.49 billion, 1.4% less than budgeted. Additionally, 'Employee Contribution' totalled \$11.07 billion, 3.0% less than the budgeted amount of \$11.41 billion.

The 'Fiscal Deficit' was \$70.25 billion, relative to a 'Projected Deficit' of \$74.24 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$17.53 billion, relative to the budgeted primary surplus of \$12.08 million.

DEBT TO GDP

Total Debt to GDP (%)



The debt-to-GDP is projected at 110.0% at end-FY2020/21, representing a 15.3 percentage point increase over the outturn at end-March 2020. This increase is mainly due to the estimated 11.6% decline in real GDP during FY 2020/21. As at December 2020, Jamaica's total debt stands at \$ 2.01 trillion.

Jamaica's economic and fiscal resilience was tested during FY 2020/21, with a shortfall of \$78bn or 3% of GDP in tax revenues, due to the impact of the pandemic. The economy is expected to return to positive growth in FY 2021/22 and continue throughout the medium term. Real GDP is projected to grow by an average of 4.1% over fiscal years 2021/22 to 2024/25. Output growth of 5.2% is projected for FY 2021/22, as the demand for goods and services increase over their FY 2020/21 levels.

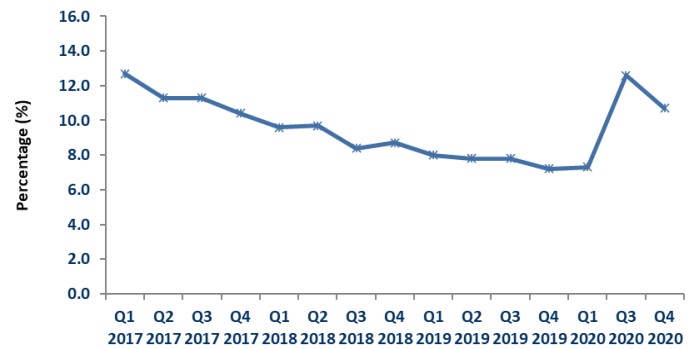
The expansion will be mainly driven by Hotels & Restaurants; Transport, Storage & Communications; and Other Services, buoyed by an increase in the number of tourist arrivals as well as a gradual return to normalcy given the sharp decline in economic activity in FY2020/21.



LABOUR FORCE

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	na	1,279,600	1,293,600

Unemployment Rate



The Labour Force at October 2020, was 1,293,600 persons, a decline of 51,500 persons or 3.8% when compared to October 2019. The male labour force decreased by 24,100 to 702,000 in October 2020 and the female labour force by 27,400 to 591,600. The Employed Labour Force for October 2020 was 1,155,800 which was 92,600 fewer than in October 2019. In October 2020, the unemployment rate was 10.7 per cent; 3.5 percentage points higher than the rate in October 2019. The largest declines were in the industries 'Arts, Entertainment, Recreation and Other Services', 'Accommodation and Food Service Activities' and 'Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles'.

PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

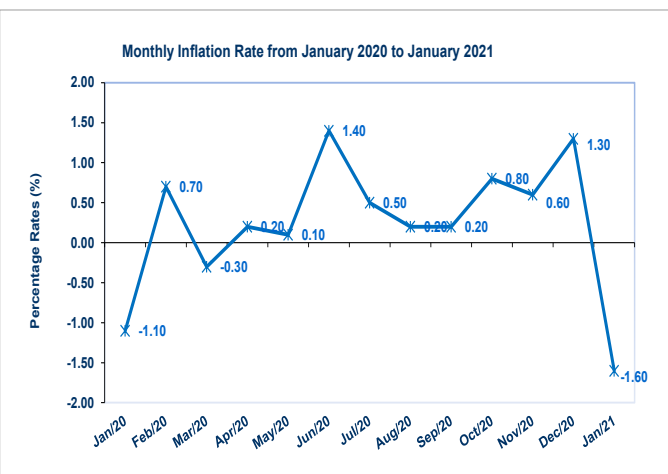
Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry increased by 1.3% for December 2020", according to the Statistical Institute of Jamaica (STATIN). This movement resulted from a 1.3% 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 rose by 0.9%, which was mainly attributed a 5.3% increase in the index for the major groups 'Refined Petroleum Products'. 'Refined Petroleum Products' rose 0.1% while 'Other Non-Metallic Mineral Products' went up by 0.5%.

For the point-to-point period, December 2019 – December 2020, the index for the Mining & Quarrying industry fell by 3.3%. This decline was attributed to a decrease of 3.5% in the index for the major group 'Bauxite Mining & Alumina Processing'. The point-to-point index for the Manufacturing industry increased by 1.1%.

Furthermore, STATIN noted, "For the 2020/2021 fiscal year-to-date, April 2020 - December 2020, the index for the Mining & Quarrying industry increased by 15.1%, while the index for the Manufacturing industry recorded an upward movement of 3.0%.



Consumer Price Index:

According to the Statistical Institute of Jamaica (STATIN) the consumer price index for January 2021 was 107.3 resulting in deflation rate of 1.6%, when compared to the previous month's inflation rate of 1.3%. STATIN noted that, "The main contributor to this decrease was a 4.6% fall in the index for the heaviest weighted division, 'Food and Non-Alcoholic Beverages' and a 0.8% decrease in the index for the 'Housing, Water, Electricity, Gas and Other Fuels' division." This was however tempered by an increase of 0.7% in the index for the division 'Transport'.

The index for the division 'Food and Non-Alcoholic Beverages' fell by 4.6% for January 2021. The group 'Food' fell by 4.8% whilst 'Non-Alcoholic Beverages' increased by 0.4%. The decline in the 'Food' group was attributable to a 17.8% fall in the index for the class 'Vegetables, tubers, plantains, cooking bananas and pulses' and a 5.6% decline in the class 'Fruits and nuts' due to lower prices for agricultural produce such as tomato, lettuce, cabbage, orange and pineapple. The decrease in the index for the division was however moderated by increases in the index of most of the other classes, notably: 'Cereal and cereal products' 0.5% and 'Meat and other parts of slaughtered land animals' 0.4%. For the group 'Non-Alcoholic Beverages', the index for all three classes rose: 'Fruit and vegetable juices' by 0.4%, 'Coffee, Tea, Cocoa' by 0.5% and 'Water, Soft drinks and Other non-alcoholic beverages' by 0.3%.

The index for the 'Housing, Water, Electricity, Gas and Other Fuels' division recorded a 0.8% decline influenced by reduction of rates for electricity which led to a 3.1% fall in the index for the group 'Electricity, Gas and Other Fuels'. The overall move was moderated by the 1.9% rise in the index 'Water Supply and Miscellaneous Services Relating to the Dwelling' caused by higher water and sewage rates. 'Maintenance, Repair and Security of the Dwelling' also saw an increase of 0.9%.

Inflation of 0.4% was recorded for the division 'Furnishings, Household Equipment and Routine Household Maintenance'. All groups within this division rose as a result of higher prices for household items: 'Household Textiles' went up by 0.5%; 'Tools and Equipment for House and Garden' and 'Goods and Services for Routine Household Maintenance' each moved up by 0.4%; 'Furniture, Furnishings, and Loose Carpets' up by 0.3%, while the index for 'Household Appliances' rose by 0.2%.

STATIN highlighted a 0.1% increase in the 'Restaurants and Accommodation Services' for January 2021 due to higher prices for meals consumed away from home.

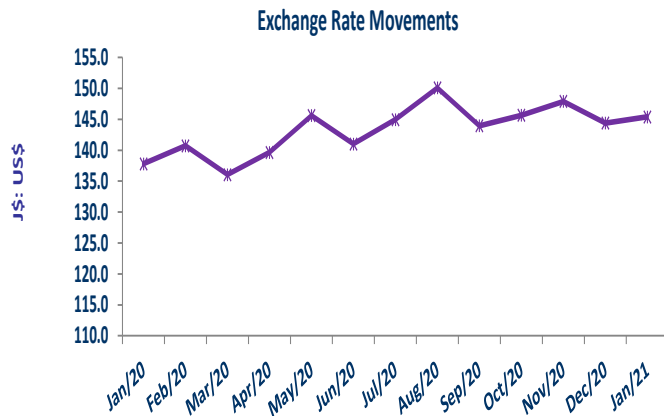
Lastly, the index for the 'Insurance and Financial Services' division rose by 4.3% for the period under review. This was due to increases in the cost of motor vehicle insurance.

The movement in the index for fiscal year-to-date was 3.4% and the point-to-point was 4.7% as at January 2021. The Greater Kingston Metropolitan Area, Rural Areas and Other Urban Centres reported deflation 1.8%, 1.5% and 1.7% respectively.

FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaica dollar depreciated against the USD for the month of January 2021. The JMD depreciated by \$0.98 in January, to close the month at an average of \$145.39 relative to the \$144.41 recorded in December 2020. Year over year, the JMD has depreciated by approximately \$7.59 or 5.51% relative to the \$137.80 reported as at January 2021.



INTERNATIONAL FOREX

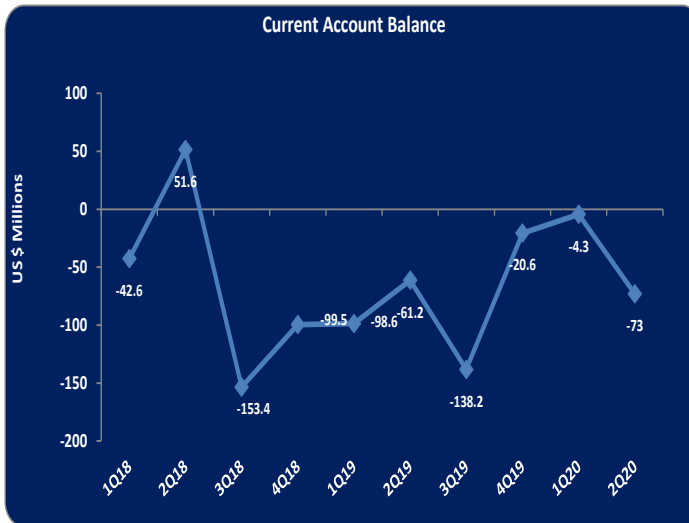
GBP/USD: The pair closed at **\$1.3672** for the month of January. According to FX Empire, "During the last trading week the British pound initially fell during the course of the week but then turned around to show signs of life again, trying to break above the 1.3750 level. It is only a matter of time before we try to break to the upside, due to the fact that the British pound is historically cheap, and of course we have gotten past Brexit. That being said, this market is a little overdone and a little stretched, so do not be surprised at all to see some type of pull-back."

EUR/USD: The pair closed at **\$1.2069** versus **\$1.2121** at the start of the month, a 0.43% decrease. According to FX Empire the decrease might be because "the European Central Bank has recently suggested that they are willing to loosen monetary policy even further, directly countering the Federal Reserve and its ultra-loose monetary policy." Looking ahead "foreign exchange market traders will focus on inflation data from the Eurozone." Moreover, "traders will also continue to monitor the developments in the U.S. government bond markets."

January 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3673	1.3759	1.3451	1.3672
USD/CAD	1.2730	1.2881	1.2589	1.2827
EUR/USD	1.2121	1.2350	1.2049	1.2069
USD/JPY	103.25	105.00	102.59	104.98

USD/CAD: The CAD depreciated against the USD during the month of January by 0.76% to close at \$1.2827.

CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account of Jamaica's balance of payments for the September 2020 quarter amounted to a surplus of US\$70.4 million (0.5 per cent of GDP), US\$208.6 million higher (better) than the outturn recorded for the September 2019 quarter. The CAD for the period FY2020/21 to FY2022/23 is expected to be broadly sustainable. For FY2020/21, the CAD is projected to deteriorate to 2.0% of GDP, 0.1% higher (worse) than the previous projection of 1.9% of GDP and 0.4% above (worse than) the estimate of 1.6% of GDP for FY2019/20.

MONEY SUPPLY

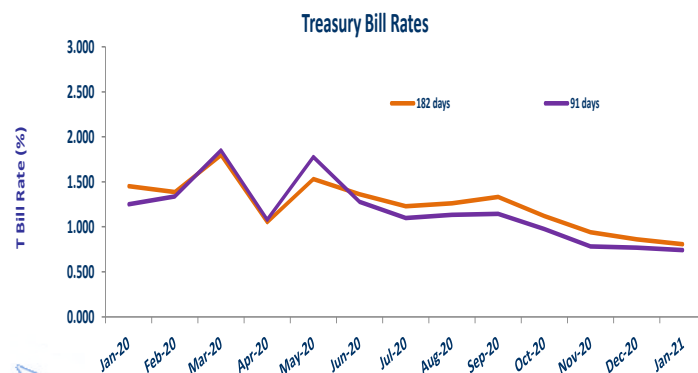
Percentage Change (%)	Nov-19	Sep-20	Nov-20
Total Money Supply (M2*)	15.6	20.6	17.8
Money Supply (M2J)	19.5	21.1	14.6
Money Supply (M1J)	18.5	24.1	21.0
Currency with the public	16.5	27.1	26.8
Demand Deposits	19.8	22.1	17.3
Quasi Money	20.5	18.4	9.1
Savings Deposits	16.4	17.8	17.1
Time Deposits	34.0	20.7	-14.2
Foreign Currency Deposits	9.0	19.8	23.8

According to the latest data available from the Bank of Jamaica's quarterly report, "The expansion in M2J at November 2020 was underpinned by growth of 11.9 per cent in local currency deposits, a deceleration relative to the 19.7 per cent recorded at end-September 2020. The deceleration in the growth in deposits reflected a slowdown in the growth in demand and savings deposits, to 17.3 per cent and 17.1 per cent, respectively, relative to growth of 22.1 per cent and 17.8 per cent in September 2020.



Treasury Bills:

For the month of January 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\$2.3 billion, J\$2.4 billion and J\$2.4 billion for the 91-day, 182-day and 270-day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 0.74%, down 2.5 basis points compared to December 2020, the 182-day treasury bill auction resulted in the average yield of 0.81%, down 5.5 basis points relative to the prior month. Notably, the average yields on the 91-day decreased by 51 basis points compared to the auctions in 2020 for the comparable period. The 182-day treasury bills declined by 65 basis points relative to the corresponding auctions in 2019. (Refer to the graph on the right).



OPEN MARKET OPERATION

Issue Date	Tenor	Reopened Fixed Rate %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
21-Jan-21	8.33 Yrs	5.68%	N/A	Fixed	21-Jan-29
29-Jan-21	29.92 Yrs	12.25%	N/A	Fixed	29-Jan-50

The Bank of Jamaica issued two long term debt securities during the month of January, with maturity dates in January 2029 and January 2050.

TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in December 2020 amounted to 90,164 a significant decrease of 67.9% when compared to 281,115 recorded December 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 60.4% in December 2020 with a total of 74,896 arrivals compared to 189,156 arrivals in December 2019 (see Tourist Arrivals table to the right).

The Canadian market recorded a decrease in arrivals of 82.1% with arrivals amounting to 8,532 relative to 47,558 in December of last year. The European market region recorded a decrease in arrivals by 85.7% to total 4,312 stopover arrivals in December 2020, relative to 30,193 recorded in December 2019.

Arrivals from Caribbean recorded a decrease of 80.5% with a total of 1,594 stopovers relative to 8,162 recorded in December 2019.

Stopover Arrivals by Market Region					
Country	December 2020	Share %	December 2019	Share %	Change %
U.S.A.	74,896	83.1%	189,156	67.3%	-60.4%
Canada	8,532	9.5%	47,558	16.9%	-82.1%
Europe	4,312	4.8%	30,193	10.7%	-85.7%
Latin America	509	0.6%	4,626	1.6%	-89.0%
Caribbean	1,594	1.8%	8,162	2.9%	-80.5%
Asia	79	0.1%	757	0.3%	-89.6%
Others	242	0.3%	663	0.2%	-63.5%
Total	90,164	100.0%	281,115	100.0%	-67.9%



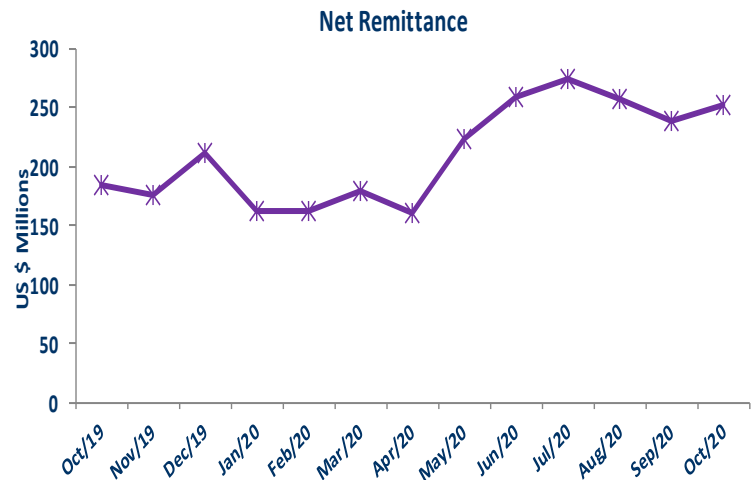
REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for November 2020, showed net remittances were US\$220.9 million, an increase of US\$45.2 million (25.7%) relative to US\$175.7 million reported for the corresponding month of 2019.

For the period April 2020 to November 2020, net remittance inflows totalled US\$1,892.6 million, relative to US\$1,446.4 million for the corresponding period in 2019.

For November 2020, total inflows amounted to US\$237.4 million (2019: US\$199.9 million), while outflows totalled US\$16.5 million (2019: 24.2 million).

The largest source market of remittances to the island in November was USA with a share of 68.1% (2019: 64.2%). The remaining remittances during the aforementioned month came from Canada (10.2%) followed by UK (11.6%) and the Cayman Islands (6.1%).



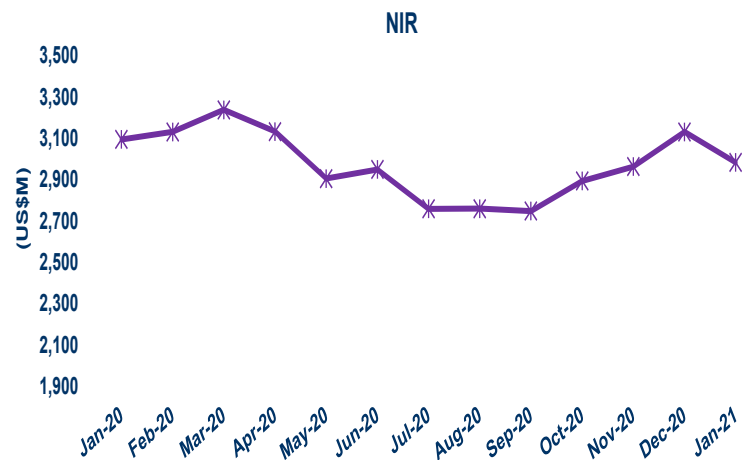
NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totalled US\$2,982.80 million as at January 2021, reflecting a decrease of US\$147.99 million relative to the US\$3,130.79 million reported at the end of December 2020.

This change in the NIR resulted from a US\$147.64 million decrease in Foreign Assets which total US\$3,938.11 million compared to the US\$4,085.75 million reported for December 2020. 'Currency & Deposits' contributed the most to the decrease in Foreign Assets. 'Currency & Deposits' as at January 2021 totalled US\$3,371.95 million reflecting a decrease of US\$144.50 million compared to US\$3,516.45 million booked as at December 2020.

'Securities' amounted to US\$341.54 million; US\$3.22 million less than the US\$344.76 million reported at December 2020. While 'SDR & IMF Reserve Position' amounted to US\$224.62 million; US\$0.08 million more than the US\$224.54 million reported at December 2020. Liabilities to the IMF accounted for 100% of total Foreign Liabilities; this amounted to US\$955.31 million which reflected a month on month increase of US\$0.35 million in comparison to the US\$954.95 million recorded for December 2020.

At its current value, the NIR is US\$111.45 million less than its total of US\$3,094.25 million reported at the end of January 2020. The current reserve is able to support approximately 50.23 weeks of goods imports and 36.14 weeks of goods and services imports.



Actual NIR vs IMF Target

