

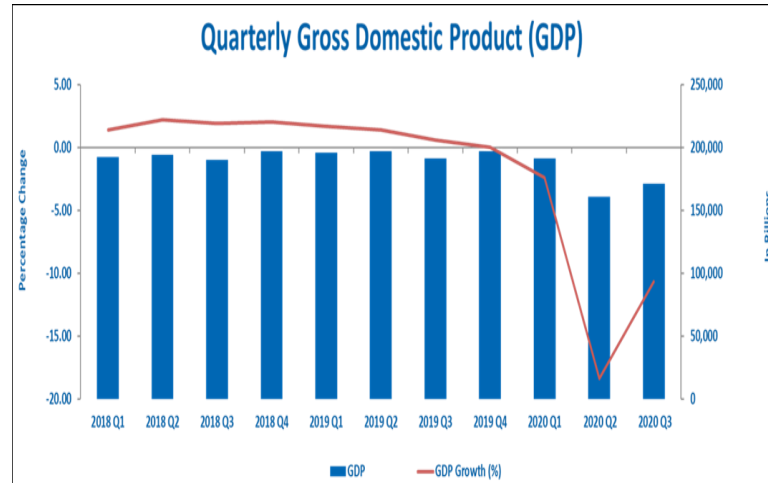
LOCAL ECONOMY

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%).

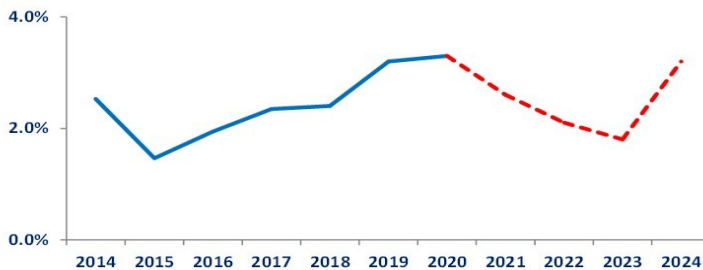
In the Services Industries, seven of the eight industries recorded declines: Electricity & Water Supply (7.0%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (8.1%), Hotels & Restaurants (65.2%), Transport, Storage & Communication (14.8%), Finance & Insurance Services (5.6%), 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 (%)



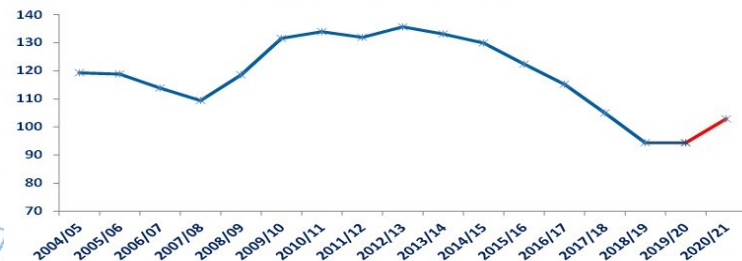
Total Expenditure for the period April to January 2021 amounted to \$525.41 billion, \$2.19 billion less than the budgeted amount of \$527.60 billion. Recurrent expenditure which totalled \$484.20 billion, accounted for 92.16% of overall expenditures. Of the recurrent expenditure categories for the review period, the categories above the budgeted amount were 'Compensation of Employees' and 'Wages & Salaries'. 'Compensation of Employees' amounted to \$185.81 billion and was \$154.0 million or 0.1% more than budgeted while 'Wages & Salaries' totalled \$173.43 billion, 0.3% above the budgeted amount of \$172.93 billion.

Relative to projections, 'Programmes' totalled \$193.75 billion, 0.1% less than budgeted. Additionally, 'Employee Contribution' totalled \$12.37 billion, 2.7% less than the budgeted amount of \$12.72 billion.

The 'Fiscal Deficit' was \$79.14 billion, relative to a 'Projected Deficit' of \$84.23 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$25.51 billion, relative to the budgeted primary surplus of \$22.60 billion.

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.

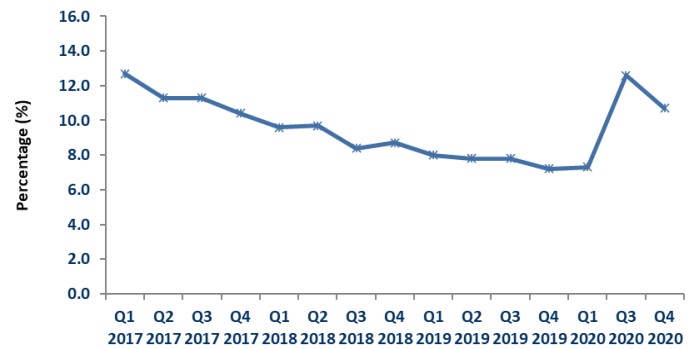
The expansion will be mainly driven by Hotels & Restaurants; Transport, Storage & Communications; and Other Services, buoyed by an increase in the number of tourist arrivals as well as a gradual return to normalcy given the sharp decline in economic activity in FY2020/21.



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

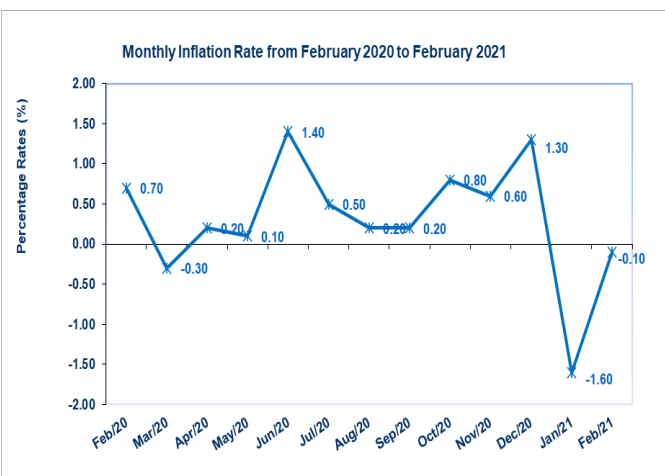
Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry contracted by 2.4% for January 2021", according to the Statistical Institute of Jamaica (STATIN). This movement resulted from a 2.5% decrease in the index for the major group, 'Bauxite Mining & Alumina Processing'. This was tempered by the index for 'Other Mining & Quarry' which rose by 0.5%.

The index for the Manufacturing industry rose by 0.9%, which was mainly attributed a 5.0% increase in the index for the major groups 'Refined Petroleum Products', and 'Food, Beverages & Tobacco' which moved up by 0.1%.

For the point-to-point period, January 2020 – January 2020, the index for the Mining & Quarrying industry fell by 1.3%. This decline was attributed to a decrease of 1.5% in the index for the major group 'Bauxite Mining & Alumina Processing'. The point-to-point index for the Manufacturing industry increased by 2.3%.

Furthermore, STATIN noted, "For the 2020/2021 fiscal year-to-date, April 2020 - January 2021, the index for the Mining & Quarrying industry increased by 12.3%, while the index for the Manufacturing industry recorded an upward movement of 4.0%.



Consumer Price Index:

According to the Statistical Institute of Jamaica (STATIN) the consumer price index for February 2021 was 107.1 resulting in deflation rate of 0.1%, when compared to the previous month's deflation rate of 1.6%. STATIN noted that, "This movement was mainly as a result of the 1.3% decrease in the index for the heavily weighted 'Food and Non-Alcoholic Beverages' division." The overall movement was however tempered by a 1.4% increase in the index for the 'Housing Water, Electricity, Gas and Other Fuels' division and a 0.5% increase in the index for the 'Transport' division.

The only divisional decline for the month was the index for 'Food and Non-Alcoholic Beverages' which fell by 1.3% for February 2021. The group 'Food' fell by 7.5% whilst 'Non-Alcoholic Beverages' increased by 0.2%. The decline in the 'Food' group was attributable to a decrease in the index for the class 'Vegetables, tubers, plantains, cooking bananas and pulses' and a 0.5% decline in the index for the class 'Fruits and nuts'. Lower prices for agricultural produces such as tomato, cabbage, yam, potato and oranges, contributed to this decline. There was an increase of 0.4% in the index for the classes 'Cereal and cereal products' and 'Meat and other parts of slaughtered land animals' which moderated the decline in the index for the group. For the group 'Non-Alcoholic Beverages', the index for all three classes rose: 'Fruit and vegetable juices' by 0.1%, 'Coffee, Tea, Cocoa' by 0.3% and 'Water, Soft drinks and Other non-alcoholic beverages' by 0.2%.

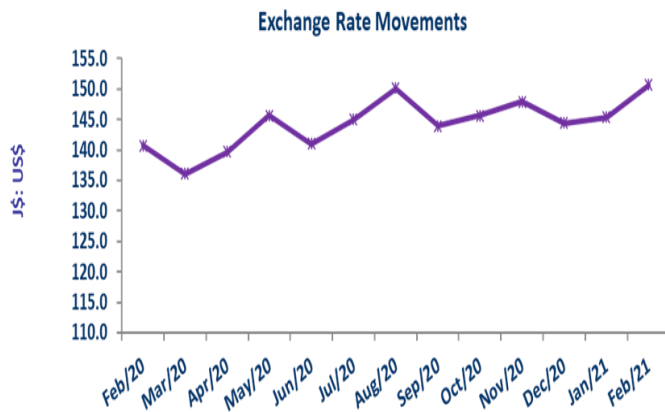
The 'Alcoholic Beverages, Tobacco and Narcotics' division grew by 0.1% for February 2021, resulting from increased prices within the 'Alcoholic Beverages' group which moved upwards by 0.1%. While the division for 'Clothing and Footwear' observed an increase of 0.2% in its index for February 2021. In the index, the groups 'Clothing' and 'Footwear' climbed by 0.2% and 0.3%, respectively.

The index for the 'Housing, Water, Electricity, Gas and Other Fuels' division advanced by 1.4% influenced by increased rates for electricity, water and sewage. This resulted in the index for the two groups 'Electricity, Gas and Other Fuels' and 'Water Supply and Miscellaneous Services Relating to the Dwelling' increasing by 3.6% and 1.4%, respectively. According to STATIN, "the increase in electricity was as a result of the new tariff rate changes for JPS approved by the Office of Utilities Regulation (OUR)."

FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaica dollar depreciated against the USD for the month of February 2021. The JMD depreciated by \$5.27 in February, to close the month at an average of \$150.66 relative to the \$145.39 recorded in January 2021. Year over year, the JMD has depreciated by approximately \$9.93 or 7.06% relative to the \$140.73 reported as at February 2020.



INTERNATIONAL FOREX

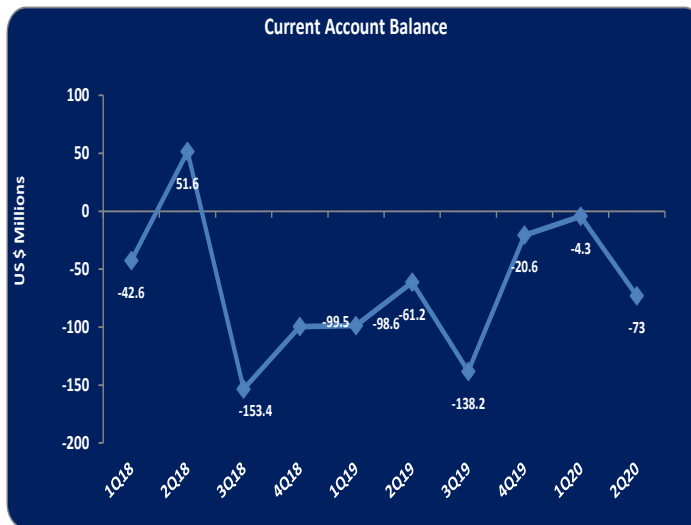
GBP/USD: The pair closed at **\$1.3937** for the month of February. According to FX Empire, During the month of February the British pound continued to try to rally only to see sellers near the 1.41 handle. "Ultimately, this is a market that is a little overextended, it is going to drift lower in order to pick up more momentum." Furthermore, "when you look at the British economy, the fact that we have seen so much in the way of vaccinations should continue to propel the British economy going forward in relation to other ones."

EUR/USD: For February 2021, the EUR/USD pair closed at **\$1.2053** versus **\$1.2069** at the start of the month, a 0.13% decrease. According to FX empire the "rising U.S. Treasury yields have finally managed to provide additional support to the American currency." Moreover, looking ahead, FX Empire notes that, foreign exchange market traders will continue to react to the "yields in America, which of course takes strength out of the Euro and places it into the greenback," as per FX empire.

February 1-28				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3672	1.4243	1.3566	1.3937
USD/CAD	1.2827	1.2870	1.2468	1.2653
EUR/USD	1.2069	1.2243	1.1952	1.2053
USD/JPY	104.98	106.78	104.41	106.69

USD/JPY: The JPY depreciated against the USD during the month of February by 1.63% to close at \$106.69.

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

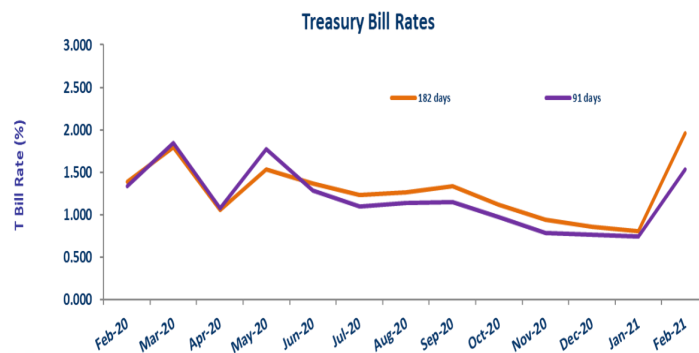
Percentage Change (%)	Nov-19	Sep-20	Nov-20
Total Money Supply (M2*)	15.6	20.6	17.8
Money Supply (M2J)	19.5	21.1	14.6
Money Supply (M1J)	18.5	24.1	21.0
Currency with the public	16.5	27.1	26.8
Demand Deposits	19.8	22.1	17.3
Quasi Money	20.5	18.4	9.1
Savings Deposits	16.4	17.8	17.1
Time Deposits	34.0	20.7	-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% 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% and 17.1%, respectively, relative to growth of 22.1% and 17.8% in September 2020.



Treasury Bills:

For the month of February 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\$1.8 billion and J\$2 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 1.53%, up 78.6 basis points compared to January 2021, the 182-day treasury bill auction resulted in the average yield of 1.96%, up 115.8 basis points relative to the prior month. Notably, the average yields on the 91-day increased by 19 basis points compared to the auctions in 2020 for the comparable period. The 182-day treasury bills went up by 58 basis points relative to the corresponding auctions in 2020. (Refer to the graph on the right).



OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
1-Feb-21	14 Days	1.25%	N/A	Fixed	16-Feb-21
5-Feb-21	30 Days	1.00%	N/A	Fixed	8-Mar-21

The Bank of Jamaica issued one 14 Days Repurchase Operation and one Certificate of Deposit during the month of February.

TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in January 2021 amounted to 43,831 a significant decrease of 80.7% when compared to 227,200 recorded January 2020. 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 73.2% in January 2021 with a total of 38,500 arrivals compared to 143,460 arrivals in January 2020 (see Tourist Arrivals table to the right).

The Canadian market recorded a decrease in arrivals of 92.9% with arrivals amounting to 3,274 relative to 45,922 in January of last year. The European market region recorded a decrease in arrivals by 98.8% to total 307 stopover arrivals in January 2021, relative to 26,258 recorded in January 2020.

Arrivals from Caribbean recorded a decrease of 79.5% with a total of 1,070 stopovers relative to 5,217 recorded in January 2020.

Stopover Arrivals by Market Region					
Country	January 2021	Share %	January 2020	Share %	Change %
U.S.A.	38,500	87.8%	143,460	63.1%	-73.2%
Canada	3,274	7.5%	45,922	20.2%	-92.9%
Europe	307	0.7%	26,258	11.6%	-98.8%
Latin America	565	1.3%	5,219	2.3%	-89.2%
Caribbean	1,070	2.4%	5,217	2.3%	-79.5%
Asia	63	0.1%	606	0.3%	-89.6%
Others	52	0.1%	518	0.2%	-90.0%
Total	43,831	100.0%	227,200	100.0%	-80.7%



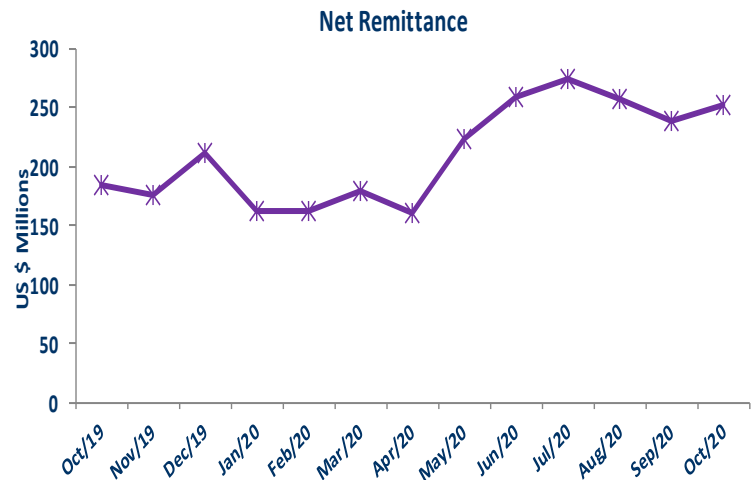
REMITTANCE

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%).



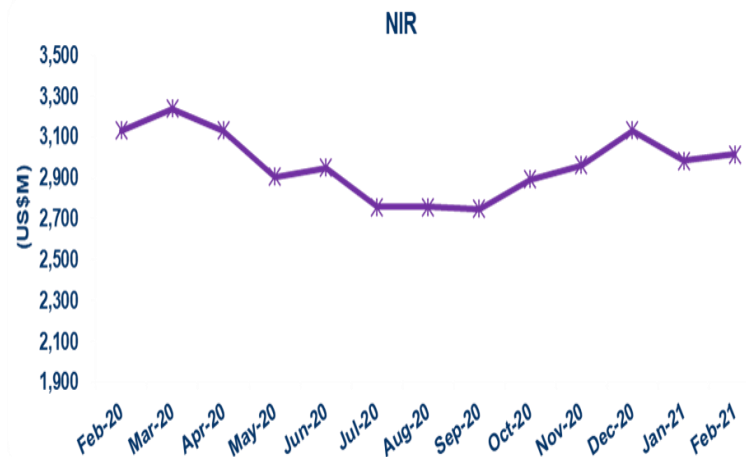
NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totalled US\$3,016.18 million as at February 2021, reflecting an increase of US\$33.37 million relative to the US\$2,982.81 million reported at the end of January 2021 (see figure 1).

This change in the NIR resulted from a US\$32.36 million increase in Foreign Assets which total US\$3,970.47 million compared to the US\$3,938.11 million reported for January 2021. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at February 2021 totalled US\$3,408.91 million reflecting an increase of US\$36.96 million compared to US\$3,371.95 million booked as at January 2021.

'Securities' amounted to US\$340.47 million; US\$1.07 million less than the US\$341.54 million reported at January 2021. While 'SDR & IMF Reserve Position' amounted to US\$221.09 million; US\$3.53 million less than the US\$224.62 million reported at January 2021. Liabilities to the IMF accounted for 100% of total Foreign Liabilities; this amounted to US\$954.29 million which reflected a month on month decrease of US\$1.01 million in comparison to the US\$955.31 million recorded for January 2021.

At its current value, the NIR is US\$115.10 million less than its total of US\$3,131.28 million reported at the end of February 2020. The current reserve is able to support approximately 50.64 weeks of goods imports and 36.44 weeks of goods and services imports.



Actual NIR vs IMF Target

