



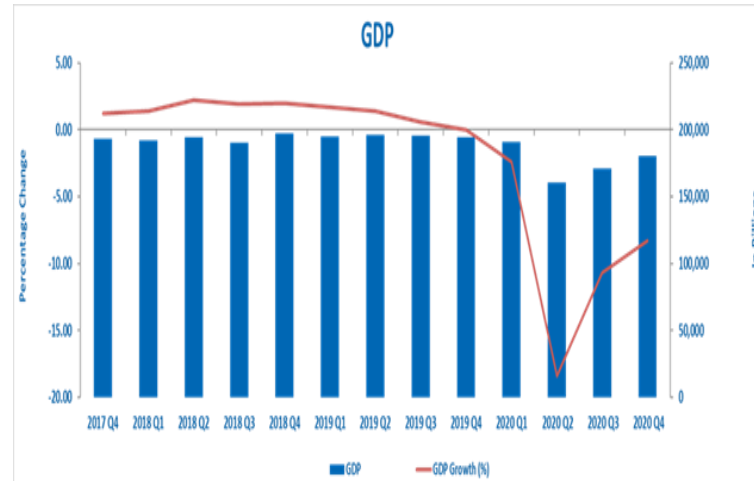
LOCAL ECONOMY

GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica (STATIN), the Jamaican economy declined by 8.3% in the fourth quarter of 2020 when compared to the similar quarter of 2019. This downward movement resulted from the 11.1% decline in the Services Industries, while the Goods Producing Industries grew by 0.2%. The performance of the economy continued to be negatively impacted by the spread of the novel Coronavirus (COVID-19) and the measures adopted island wide to limit its spread.

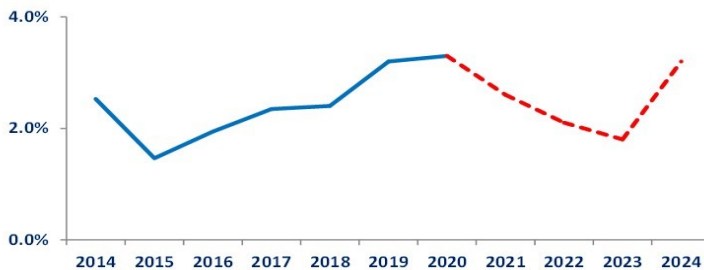
In the Services Industries, seven of the eight industries recorded declines: Electricity & Water Supply (9.3%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (8.8%), Hotels & Restaurants (53.8%), Transport, Storage & Communication (10.4%), Finance & Insurance Services (2.8%), Real Estate, Renting & Business Activities (1.3%) and Other Services (21.6%). Conversely, the Producers of Government Services grew by 0.2%.

Within the Goods Producing Industries, the Agriculture, Forestry & Fishing and Manufacturing industries declined by 7.2% and 0.4% respectively.



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



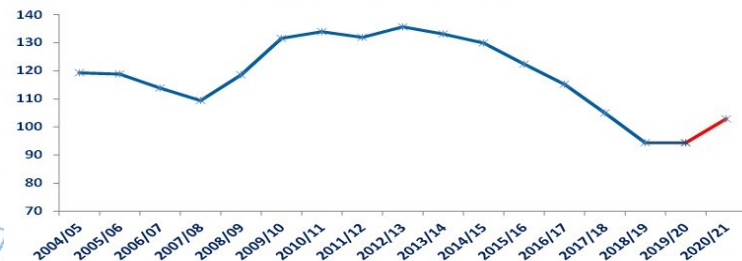
Total Expenditure for the period April 2021 amounted to \$63.70 billion, \$3.42 billion less than the budgeted amount of \$67.12 billion. Recurrent expenditure which totalled \$56 billion, accounted for 87.87% of overall expenditures. Of the recurrent expenditure categories for the review period, the categories below the budgeted amount were 'Programmes', 'Compensation of Employees', 'Wages & Salaries' and 'Employee Contribution'. 'Programmes' totalled \$22.61 billion, 10.7% less than budgeted.

'Compensation of Employees' amounted to \$21.46 billion and was \$697.6 million or 3.1% less than budgeted. 'Wages & Salaries' totalled \$18.35 billion, while 'Employee Contribution' ended \$3.10 billion, both 3.6% and 0.2% below the budgeted amount. Relative to projections, 'Interest' totalled \$11.90 billion, \$322.4 million more than budgeted.

The 'Fiscal Surplus' was \$12.03 billion, relative to a 'Projected Surplus' of \$5.20 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$23.94 billion, relative to the budgeted primary surplus of \$16.76 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 April 2021, Jamaica's total debt stands at \$ 2.17 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.

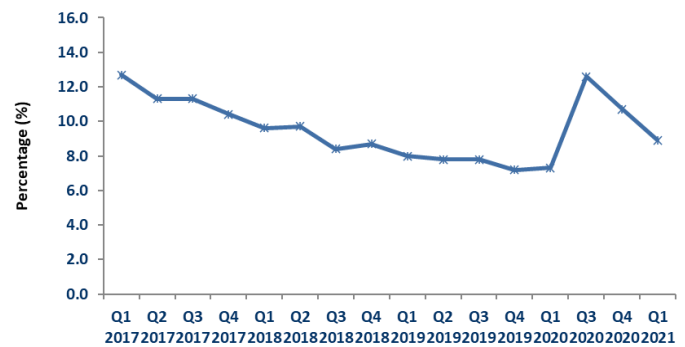
The expansion will be mainly driven by Hotels & Restaurants; Transport, Storage & Communications; and Other Services, buoyed by an increase in the number of tourist arrivals as well as a gradual return to normalcy given the sharp decline in economic activity in FY2020/21.



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
2021	1,310,900	-	-	-

Unemployment Rate



The Labour force in January 2021 had 1,310,900 persons, a decline of 58,600 or 4.3% relative to January 2020. The male labour force decreased by 23,900 (3.3%) to 709,800 and the female labour force by 34,700 (5.5%) to 601,100 in January 2021. The Employed Labour Force had 1,194,800 persons; 74,300 fewer persons when compared to January 2020. The unemployment rate amounted to 8.9%, which was 1.5 percentage points higher than the rate in January 2020. Notably, the largest decline in employment by occupation was among 'Service Workers and Shop and Market Sales Workers', while the industry with the largest decline in employment was 'Accommodation and Food Service Activities'.

PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry increased by 4.6% for April 2021", according to the Statistical Institute of Jamaica (STATIN). This movement resulted from a 4.8% increase in the index for the major group, 'Bauxite Mining & Alumina Processing'. Conversely, the index for 'Other Mining & Quarry' declined by 0.5%.

The index for the Manufacturing industry rose by 0.5%, which was mainly attributed to increases in the index for the major groups 'Food, Beverages & Tobacco' and 'Chemicals and Chemical Products', which moved up by 0.6%, and 'Fabricated Metal Products' which moved up by 1.8%.

For the point-to-point period, April 2020 – April 2021, the index for the Mining & Quarrying industry rose by 42.6%. This growth was attributed to a increase of 44.3% in the index for the major group 'Bauxite Mining & Alumina Processing'. The point-to-point index for the Manufacturing industry increased by 10.3%.

Consumer Price Index:

According to the Statistical Institute of Jamaica (STATIN) the consumer price index for May 2021 was 109.0 resulting in an inflation rate of 1.2%, when compared to the previous month's deflation rate of 0.5%. STATIN noted that, "This upward movement was primarily as a result of the 3.4% rise in the index for the 'Housing, Water, Electricity, Gas and Other Fuels' division. This was due mainly to an increase in the rates for electricity, water and sewage.

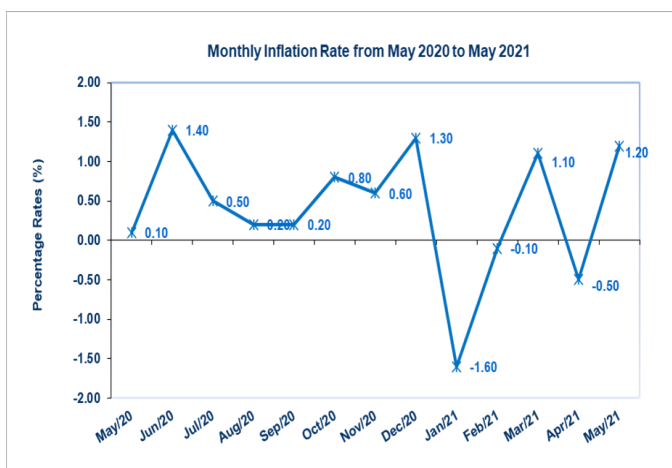
The index for the heavily weighted 'Food and Non-Alcoholic Beverages' division rose by 1.1% for the review period. Higher prices for starchy tubers such as yam, green banana and potatoes resulted in an upward movement of 3.0% in the index for the class 'Vegetables, tubers, plantains, cooking bananas and pulses'. Additionally, there was a 0.7% increase in the index for the 'Transport' division which was largely due to higher prices for fuels."

The index for the 'Food and Non-Alcoholic Beverages' division increased by 1.1% for May 2021. However, this was tempered by lower prices for sweet pepper, carrot and lettuce. Besides the 3.0% increase in the 'Food' class 'Vegetables, tubers, plantains, cooking bananas and pulses' Other classes registering increases were: 'Cereals and cereal products' 0.6%, 'Meat and other parts of slaughtered land animals' 0.6%, 'Fish and Seafood' 0.5% and 'Fruits and nuts' 2.2%. The index for the 'Non-Alcoholic Beverages' group, increased by 0.2%.

The 'Alcoholic Beverages, Tobacco and Narcotics' division grew by 0.5% for May 2021, resulting from the 0.7% increase in the index for the group 'Alcoholic Beverages'. While the division for 'Clothing and Footwear' observed an increase of 0.4% in its index for May 2021. In the index, the group 'Clothing' and 'Footwear' rose by 0.4% each. The index for the 'Housing, Water, Electricity, Gas and Other Fuels' division climbed by 3.4% influenced by an 9.6% increase for the group 'Electricity, Gas and Other Fuels', and a 2.0% increase in the index for the group 'Water Supply and Miscellaneous Services Related to the Dwelling'. Higher electricity rates influenced the movement in the former group, while increased water and sewage rates impacted the latter.

Inflation of 0.5% was recorded for the division 'Furnishings, Household Equipment and Routine Household Maintenance', attributable to the 0.5% increase in the index for the group 'Goods and Services for Routine Household Maintenance' as a result of increased prices for some household non-durable items such as laundry soaps, detergents and other cleaning products. The index for 'Furniture, Furnishing and Loose Carpets' also went up by 0.6% while 'Household Appliances' and 'Household Textiles' grew by 0.5%.

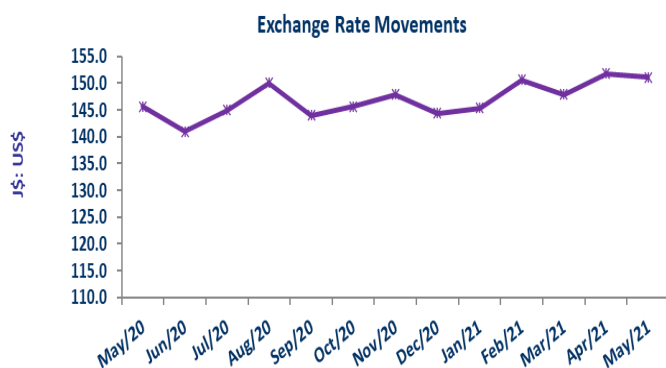
The movement in the index for calendar year-to-date was 1.7% and the point-to-point was 5.0% as at May 2021. The Rural Areas and Other Urban Centres both reported inflation of 1.2%. While Greater Kingston Metropolitan reported inflation of 1.1%.



FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaica dollar appreciated against the USD for the month of May 2021. The JMD appreciated by \$0.73 in May, to close the month at an average of \$151.09 relative to the \$151.82 recorded in April 2021. Year over year, the JMD has depreciated by approximately \$5.47 or 3.75% relative to the \$145.62 reported as at May 2020.



INTERNATIONAL FOREX

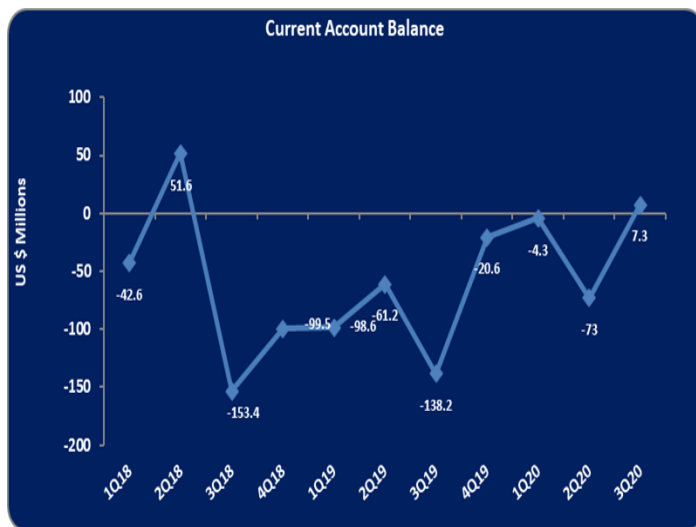
GBP/USD: The pair closed at **\$1.4161** for the month of May. According to FX Empire, to close the month “the market looks as if it is truly struggling with the 1.42 barrier, but if we break above the 1.4230 level, then it is very likely that we will shoot straight up in the air. At this point time, the market looks as if it is going to put up a significant struggle, and that in and of itself indicates that there will be buyers underneath.” Looking forward, “we could very well go down to the 1.40 handle where there would be previous resistance that should now attract a lot of attention.”

EUR/USD: For May 2021, the EUR/USD pair closed at \$1.2233 versus \$1.2021 at the start of the month, a 1.76% increase. According to FX Empire the “all things been equal, this is all about the US dollar and its weakness, queued up with the European Union showing signs of strengthening due to the reopening trade that everybody is banking on with increased vaccinations and lockdowns being the easiest in various parts of the continent.” Looking ahead, FX Empire noted to “pay attention to the US bond market, because if we continue to see demand for treasuries, that will naturally drive up the price of the US dollar and other currencies such as the Euro.”

May 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3814	1.4250	1.3801	1.4161
USD/CAD	1.2294	1.2352	1.2007	1.2051
EUR/USD	1.2021	1.2266	1.1986	1.2233
USD/JPY	109.33	110.20	108.34	109.44

USD/CAD: The CAD appreciated against the USD during the month of May by 1.98% to close at \$1.2051.

CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account of Jamaica's balance of payments for the December 2020 quarter amounted to an estimated surplus of US\$54.9 million (0.4 per cent of GDP), US\$85.6 million higher (better) than the outturn recorded for the December 2019 quarter.

The CAD is projected to deteriorate over the medium-term, relative to the previous forecast. The CAD is projected to average 2.9 per cent of GDP between FY2020/21 and FY2025/26, relative to the previous forecast of 2.4 per cent of GDP.

MONEY SUPPLY

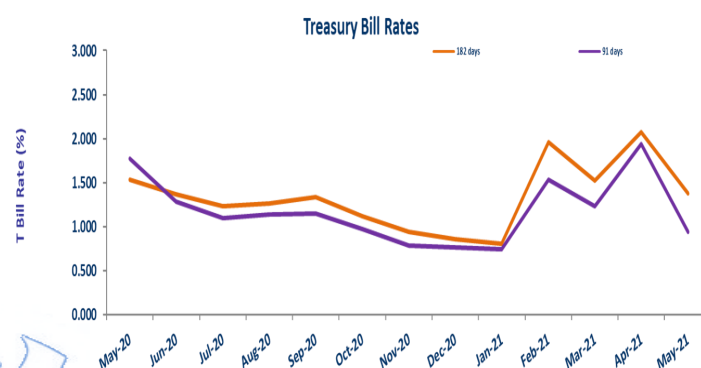
Percentage Change (%)	Feb-20	Dec-20	Feb-20
Total Money Supply (M2*)	15.1	16.1	16.8
Money Supply (M2J)	16.1	13.3	16.8
Money Supply (M1J)	19.1	18.4	18.5
Currency with the public	15.5	22.1	23.5
Demand Deposits	21.5	15.8	15.3
Quasi Money	13.5	8.8	15.2
Savings Deposits	14.7	17.8	17.8
Time Deposits	9.3	-17.1	5.8
Foreign Currency Deposits	13.4	21.4	16.8

According to the latest data available from the Bank of Jamaica's quarterly report, “The expansion in M2J at February 2021 was largely underpinned by growth of 15.2 per cent in local currency deposits, an acceleration relative to the 11.1 per cent recorded at end-December 2020. The acceleration in the growth in deposits was reflected in savings and demand deposits, which grew by 17.8 per cent and 15.3 per cent, respectively, relative to growth of 17.8 per cent and 15.8 per cent in December 2020.”



Treasury Bills:

For the month of May, 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\$3.34 billion, J\$3.38 billion and J\$3.25 billion for the 91-day, 182-day and 273 days treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 0.94%, down 99.4 basis points compared to April 2021, the 182-day treasury bill auction resulted in the average yield of 1.37%, down 69.8 basis points relative to the prior month. Notably, the 273-day treasury bill auction resulted in the average yield of 1.32% down 115 basis point. The average yields on the 91-day decline by 83 basis points compared to the auctions in 2020 for the comparable period. The 182-day treasury bills went down 16 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
3-May-21	14 Days	1.95%	N/A	Fixed	18-May-21
5-May-21	30 Days	1.00%	N/A	Fixed	2-Jun-21
7-May-21	30 Days	1.00%	N/A	Fixed	4-Jun-21
10-May-21	14 Days	2.14%	N/A	Fixed	25-May-21
12-May-21	30 Days	1.00%	N/A	Fixed	11-Jun-21
17-May-21	14 Days	2.25%	N/A	Fixed	1-Jun-21
21-May-21	14 Days	2.75%	N/A	Fixed	8-Jun-21
25-May-21	30 Days	1.00%	N/A	Fixed	25-Jun-21
31-May-21	14 Days	2.78%	N/A	Fixed	15-Jun-21

The Bank of Jamaica issued five 14 Days Repurchase Operation and four Certificate of Deposits during the month of May.

TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in April 2021 amounted to 82,702 a 0% change when compared 0 recorded April 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 total of 81,114 arrivals, there were no arrivals in April 2020 (see Tourist Arrivals table to the right).

The Canadian market arrivals amounted to 265 while the European market region recorded a total of 228 stopover arrivals in April 2021. Arrivals from Caribbean totaled 667 stopovers.

Stopover Arrivals by Market Region					
Country	April 2021	Share %	April 2020	Share %	Change %
U.S.A.	81,114	98.1%	0	0.0%	0.0%
Canada	265	0.3%	0	0.0%	0.0%
Europe	228	0.3%	0	0.0%	0.0%
Latin America	263	0.3%	0	0.0%	0.0%
Caribbean	667	0.8%	0	0.0%	0.0%
Asia	92	0.1%	0	0.0%	0.0%
Others	73	0.1%	0	0.0%	0.0%
Total	82,702	100.0%	0	0.0%	0.0%



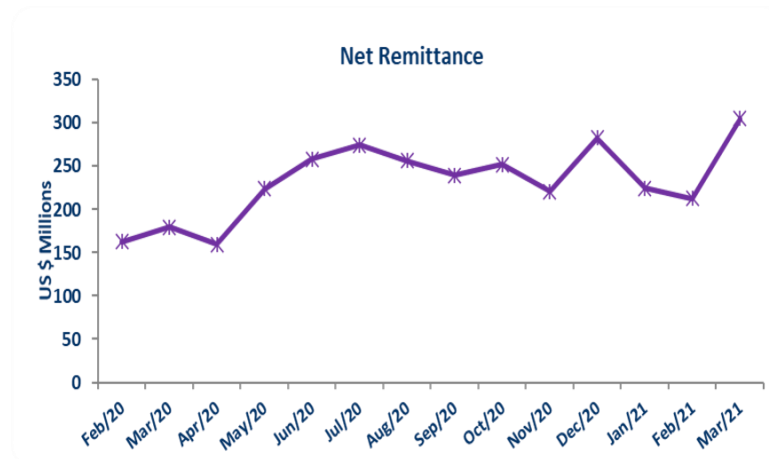
REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for March 2021, showed net remittances were US\$305.2 million, an increase of US\$125.7 million (70%) relative to US\$179.5 million reported for the corresponding month of 2020.

For the period April 2020 to March 2021, net remittance inflows totalled US\$2,917 million, relative to US\$2,152.7 million for the corresponding period in 2020.

For March 2021, total inflows amounted to US\$327.5 million (2020: US\$198.5 million), while outflows totalled US\$22.3 million (2020: US\$19 million).

The largest source market of remittances to the island in February was USA with a share of 72.3% (2020: 69.5%). The remaining remittances during the aforementioned month came from UK (11.2%) followed by Canada (8.4%) and the Cayman Islands (4.7%).



NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totalled US\$3,418.90 million as at May 2021, reflecting an increase of US\$100.92 million relative to the US\$3,317.98 million reported at the end of April 2021 (see figure 1).

Foreign Assets totalled US\$4,349.12 million, US\$97.09 million more than the US\$4,252.04 million reported for April 2021. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at May 2021 totalled US\$3,795.92 million reflecting an increase of US\$103.39 million compared to US\$3,692.53 million booked as at April 2021.

'Securities' amounted to US\$334.21 million; US\$5.51 million less than the US\$339.71 million reported at April 2021. While 'SDR & IMF Reserve Position' amounted to US\$218.99 million; US\$0.80 million less than the US\$219.79 million reported at April 2021. Liabilities to the IMF accounted for 100% of total Foreign Liabilities; this amounted to US\$930.22 million which reflected a month on month decline of US\$3.83 million in comparison to the US\$934.06 million recorded for April 2021.

At its current value, the NIR is US\$514.41 million more than its total of US\$2,904.49 million reported at the end of May 2020. The current reserve is able to support approximately 43.04 weeks of goods imports and 30.57 weeks of goods and services imports.

