

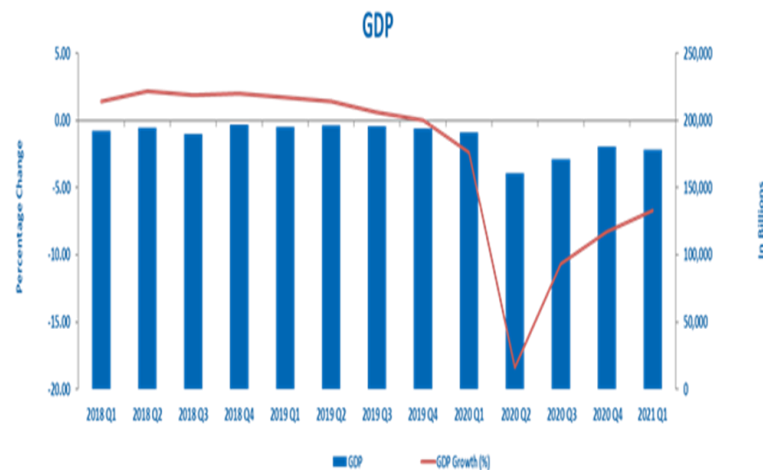
LOCAL ECONOMY

GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica (STATIN), the total value added in the first quarter of 2021 declined by 6.7 per cent when compared to the similar quarter of 2020.

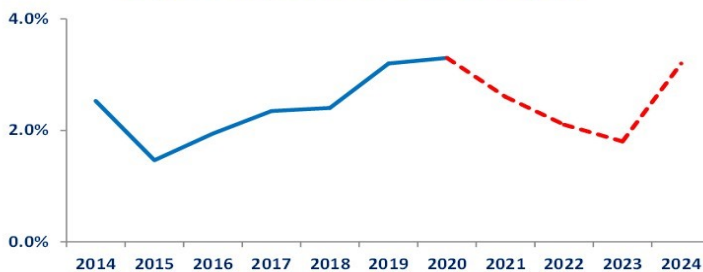
Lower levels of activity were recorded in all Services Industries with the exception of the Producers of Government Services which remained relatively unchanged. Declines were recorded for: Hotels & Restaurants (55.9%), Other Services (21.9%), Transport, Storage & Communication (7.8%), Electricity & Water Supply (6.9%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (5.1%), Real Estate, Renting & Business Activities (1.9%) and Finance & Insurance Services (1.2%).

Within the Goods Producing Industries higher output levels were recorded in Construction (10.5%) and Mining & Quarrying (7.1%). Growth in the Construction industry for the review period was largely due to building construction. While growth in the Mining & Quarrying industry primarily attributed to increased output levels for crude bauxite and alumina.



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



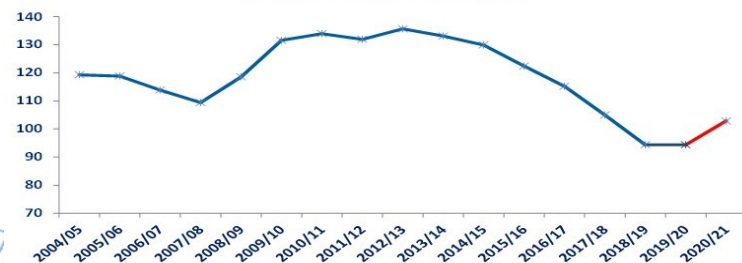
Total Expenditure for the period April to June 2021 amounted to \$165.66 billion, \$7.59 billion less than the budgeted amount of \$173.25 billion. Recurrent expenditure which totalled \$147.69 billion, accounted for 89.15% of overall expenditures.

Of the recurrent expenditure categories for the review period, the categories above the budgeted amount were 'Employee Contribution', 'Interest' and 'Compensation of Employees'. 'Employee Contribution' amounted to \$5.97 billion and was \$380.6 million or 6.8% more than budgeted. 'Interest' totalled \$24.85 billion, 4.5% above the budgeted amount of \$23.78 billion. While 'Compensation of Employees' totalled \$59.76 billion, \$8.20 million above the budgeted amount of \$59.75 billion. Conversely, 'Programmes' totalled \$63.09 billion, 11.9% less than budgeted. Additionally, 'Wages & Salaries' totalled \$53.79 billion, 0.7% less than the budgeted amount of \$54.16 billion.

The 'Fiscal Surplus' was \$9.72 billion, relative to a 'Projected Deficit' of \$9.45 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$34.56 billion, relative to the budgeted Primary Surplus of \$14.33 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 June 2021, Jamaica's total debt stands at \$ 2.10 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.

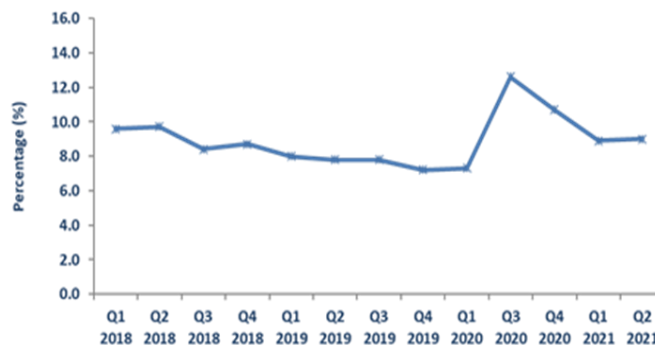
The expansion will be mainly driven by Hotels & Restaurants; Transport, Storage & Communications; and Other Services, buoyed by an increase in the number of tourist arrivals as well as a gradual return to normalcy given the sharp decline in economic activity in FY2020/21.



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	1,206,000	-	-

Unemployment Rate



According to STATIN, as at April 2021 there were 1,206,000 employed persons. Relative to April 2019 there were 30,600 fewer males and 9,900 fewer females employed. In April 2021, the unemployment rate was 9%. This was 1.2% higher than the rate in April 2019. Of the 1,206,000 persons employed in April 2021, 661,900 were males while 544,100 females. There were 40,500 or 3.2% less employed persons relative to the 1,246,500 persons employed in April 2019. There were 30,600 or 4.4% fewer males and 9,900 or 1.8% fewer females in the employed labour force. In April 2021 there were 119,400 unemployed persons. This was 14,200 more persons compared to April 2019. The number of unemployed males was 53,400 an increase of 13,600 or 34.2%. The number of unemployed females was 66,000 compared to 65,400 in April 2019.

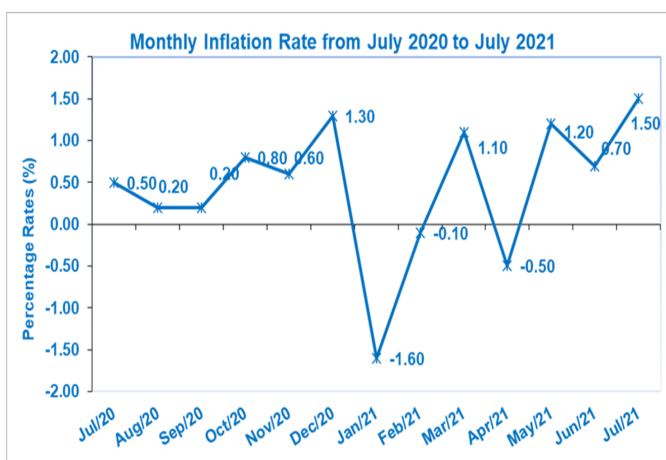
PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry increased by 0.1% for June 2021", according to the Statistical Institute of Jamaica (STATIN). This movement resulted from a 0.2% increase in the index for the major group, 'Bauxite Mining & Alumina Processing'.

The index for the Manufacturing industry rose by 2.2%, which was mainly attributed to increases in the index for the major groups 'Refined Petroleum Products', 'Food, Beverages & Tobacco' and 'Other Manufacturing n.e.c' which moved up by 4.6%, 2.1% and 6.8% respectively.

For the point-to-point period, June 2020 – June 2021, the index for the Mining & Quarrying industry rose by 36.7%. This growth was attributed to a increase of 38.1% in the index for the major group 'Bauxite Mining & Alumina Processing'. The point-to-point index for the Manufacturing industry increased by 14.5%.



Consumer Price Index:

According to the Statistical Institute of Jamaica (STATIN) the consumer price index for July 2021 was 111.4 resulting in an inflation rate of 1.5% when compared to the previous month's inflation rate of 0.7%. STATIN noted that, "This movement was primarily due to the 2.3% increase in the index of the heavily weighted 'Food and Non-Alcoholic Beverages' division. The class 'Vegetables, tubers, plantains, cooking bananas and pulses' was the main contributor, with a 7.0% rise in the index due to higher prices for some agricultural produce." Furthermore, "The increase in the 'Housing, Water, Electricity, Gas and Other Fuels' division also strongly impacted the inflation rate. The index for that division rose by 1.3%, due mainly to higher electricity, sewage and water rates. Additionally, the index for the division 'Restaurant and Accommodation Services', increased by 3.2%, due mainly to higher prices for meals consumed away from home. The index for the 'Transport' division increased by 0.8%, mainly as a result of higher petrol prices."

The index for the 'Housing, Water, Electricity, Gas and Other Fuels' division rose by 1.3% influenced by the groups 'Electricity, Gas and Other Fuels' and 'Water Supply and Miscellaneous Services Related to the Dwelling' increasing by 2.6% and 3.5% respectively. These movements were due mainly to increased electricity, water and sewage rates. The group 'Maintenance, Repair and Security of the Dwelling' also advanced by 0.3%.

Inflation of 0.5% was recorded for the division 'Furnishings, Household Equipment and Routine Household Maintenance' as all of the groups within this division registered increases. 'Household Appliances' recorded the largest increase of 1.2% while 'Furniture, Furnishing and Loose Carpets', 'Household Textiles', 'Tools and Equipment for House and Garden' and 'Goods and Services for Routine Household Maintenance' each moved up by 1.0%, 0.4%, 0.8%, 0.4% respectively.

The division for 'Health' recorded an increase of 0.5% in its index for July 2021. The main contributing factor to this upward movement was the 0.6% increase in the groups 'Outpatient Care Services' while 'Medicines and Health Products' recorded a 0.5% uptick. The index 'Transport' rose by 0.8%. According to STATIN "This upward movement was influenced mainly by higher prices for petrol and toll charges."

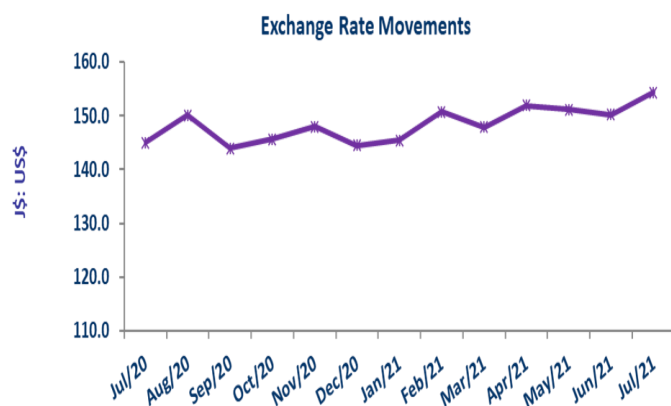
The index for the 'Information and Communication' division increased by 0.1% for two consecutive months. This movement was influenced mainly by higher costs for some information and communication equipment and services. The index for the division 'Restaurants and Accommodation Services' increased by 3.2% for July 2021. Resulting from increased prices for items within the class 'Restaurant, cafes and Likes'.

The movement in the index for calendar year-to-date was 3.4% and the point-to-point was 5.3% as at July 2021. The Rural Areas, Other Urban Centres and Greater Kingston Metropolitan reported inflation of 1.4%, 1.5% and 1.6% respectively.

FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaica dollar appreciated against the USD for the month of July 2021. The JMD depreciated by \$4.12 in July, to close the month at an average of \$154.27 relative to the \$150.15 recorded in June 2021. Year over year, the JMD has depreciated by approximately \$9.31 or 6.42% relative to the \$144.96 reported as at July 2020.



INTERNATIONAL FOREX

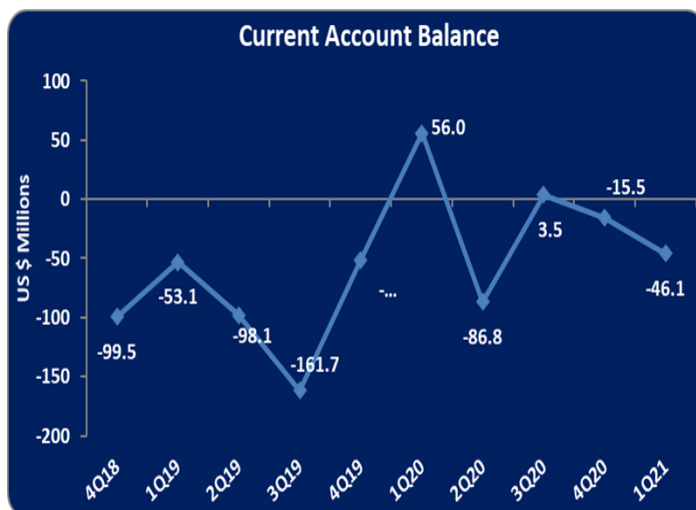
GBP/USD: The pair closed at **\$1.3903** for the month of July. According to FX Empire, to close the month "The British pound rallied during the course of the trading session on at the end of the month, but then pulled back to show signs of exhaustion at the 1.40 handle." Looking forward, "the market is likely to see a lot of pressure in this area as it is a large, round, psychologically significant figure, and of course the market will be paying attention to it. If it breaks above the 1.40 handle, that would be a very bullish sign for the British pound and could send this market much higher."

EUR/USD: For July 2021, the EUR/USD pair closed at **\$1.1869** versus \$1.1849 at the start of the month, a 0.17% increase. According to FX empire, "it is possible that the market could go looking towards the 1.20 handle. The 1.20 handle is of course an area that will attract a lot of headlines, and thereby cause the markets show signs of hesitation in that general vicinity. Ultimately, this is a market that I think continues to see a lot of choppy behavior but that is nothing new for this pair."

July 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3766	1.3984	1.3572	1.3903
USD/CAD	1.2426	1.2808	1.2289	1.2477
EUR/USD	1.1849	1.1909	1.1752	1.1869
USD/JPY	111.57	111.66	109.06	109.69

USD/CAD: The CAD depreciated against the USD during the month of July by 0.41% to close at \$1.2477.

CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account of Jamaica's balance of payments for the March 2021 quarter amounted to US\$71.5 million (0.5 per cent of GDP), US\$137.8 million higher (worse) than the outturn recorded for the March 2020 quarter. This deterioration was reflected in the services subaccount which was underpinned primarily by the fall-out in the tourism sector due to the continued impact of the pandemic.

The CAD is projected to deteriorate to 3.6% of GDP from 1.6% of GDP in FY2020/21. The CAD for FY2022/23 is projected to deteriorate to 3.9% of GDP before improving over the medium-term to average 0.9% of GDP.

MONEY SUPPLY

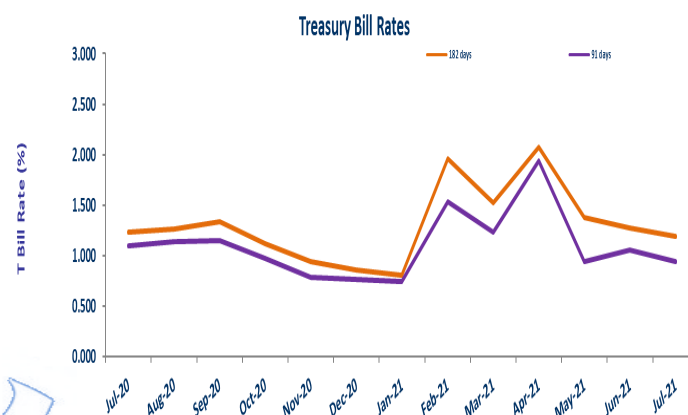
Components of Money Supply (M2*)			
Percentage Change (%)	May-20	Mar-21	May-21
Total Money Supply (M2*)	14.1	16.2	16.0
Money Supply (M2J)	12.1	16.7	17.9
Money Supply (M1J)	17.7	21.3	18.9
Currency with the public	26.6	24.8	19.0
Demand Deposits	11.9	19.0	18.9
Quasi Money	7.4	12.6	17.0
Savings Deposits	16.8	14.6	17.3
Time Deposits	-19.6	5.6	16.6
Foreign Currency Deposits	17.7	12.6	12.7

According to the latest data available from the Bank of Jamaica's quarterly report, "The expansion in M2J at May 2021 was largely underpinned by growth of 17.7 per cent in local currency deposits, an acceleration relative to the 14.8 per cent recorded at end-March 2021. The acceleration in the growth in deposits was reflected in savings and demand deposits, which grew by 17.3 per cent and 18.9 per cent, respectively, relative to growth of 14.6 per cent and 19.0 per cent in March 2021."



Treasury Bills:

For the month of July, 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\$3.93 billion, J\$3.25 billion for the 91-day respectively. The 91-day treasury bill auction resulted in the average yield of 0.94%, down 10.9 basis points compared to June 2021, the 182-day treasury bill auction resulted in the average yield of 1.85%, down 8.3 basis points relative to the prior month. The average yields on the 91-day decline by 15.8 basis points compared to the auctions in 2020 for the comparable period. The 182-day treasury bills went down 4.3 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
9-Jul-21	30 Days	1.00%	N/A	Fixed	5-Aug-21
16-Jul-21	30 Days	1.00%	N/A	Fixed	13-Aug-21
23-Jul-21	30 Days	1.00%	N/A	Fixed	20-Aug-21
28-Jul-21	30 Days	1.00%	N/A	Fixed	27-Aug-21
27-Jul-21	3.75 Years	4.50%	N/A	Fixed	26-Jul-24
27-Jul-21	15.83 Years	10.00%	N/A	Fixed	27-Jul-37

The Bank of Jamaica issued four 30 Days Certificate of Deposits and two long term debt securities during the month of July.

TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in May 2021 amounted to 122,522 a 0% change when compared 0 recorded May 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 117,443 arrivals, there were no arrivals in May 2020 (see Tourist Arrivals table to the right).

The Canadian market arrivals amounted to 500 while the European market region recorded a total of 3,092 stopover arrivals in May 2021. Arrivals from Caribbean totaled 1,004 stopovers.

Stopover Arrivals by Market Region					
Country	May 2021	Share %	May 2020	Share %	Change %
U.S.A.	117,443	95.9%	0	0.0%	0.0%
Canada	500	0.4%	0	0.0%	0.0%
Europe	3,092	2.5%	0	0.0%	0.0%
Latin America	306	0.2%	0	0.0%	0.0%
Caribbean	1,004	0.8%	0	0.0%	0.0%
Asia	71	0.1%	0	0.0%	0.0%
Others	106	0.1%	0	0.0%	0.0%
Total	122,522	100.0%	0	0.0%	0.0%



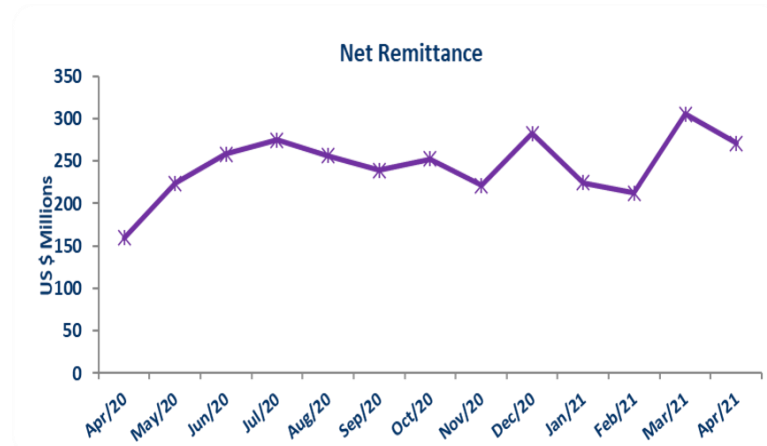
REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for April 2021, showed net remittances were US\$270.7 million, an increase of US\$110.9 million (69.5%) relative to US\$159.7 million reported for the corresponding month of 2020.

Net remittance inflows of US\$1012.7 million increased by 52.6 per cent or US\$349.1 million relative to the previous corresponding period.

For April 2021, total inflows amounted to US\$289.0 million (2020: US\$181.8 million), while outflows totalled US\$18.3 million (2020: US\$22.1 million).

The largest source market of remittances to the island in April was USA with a share of 72.3% (2020: 77.9%). The remaining remittances during the aforementioned month came from UK (10.7%) followed by Canada (9.3%) and the Cayman Islands (4.6%).



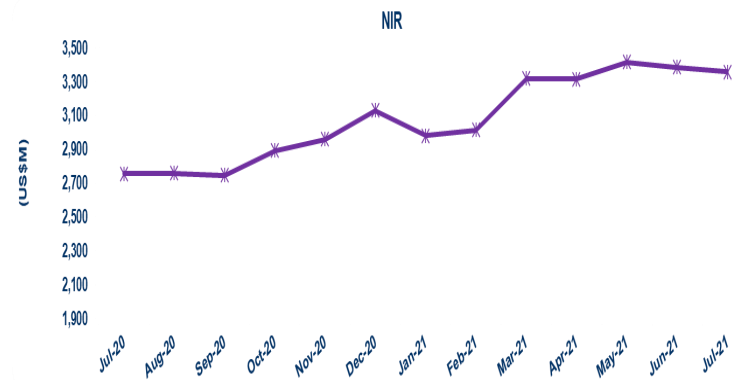
NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totalled US\$3,359.55 million as at July 2021, reflecting a decline of US\$29.17 million relative to the US\$3,388.71 million reported at the end of June 2021 (see figure 1).

Foreign Assets totalled US\$4,258.20 million, US\$27.69 million less than the US\$4,285.89 million reported for June 2021. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at July 2021 totalled US\$3,717.86 million reflecting a decrease of US\$24.07 million compared to US\$3,741.94 million booked as at June 2021.

'Securities' amounted to US\$323.75 million; US\$3.97 million less than the US\$327.72 million reported at June 2021. While 'SDR & IMF Reserve Position' amounted to US\$216.59 million; US\$0.35 million more than the US\$216.23 million reported at June 2021. Liabilities to the IMF accounted for 100% of total Foreign Liabilities; this amounted to US\$898.65 million which reflected a month on month increase of US\$1.48 million in comparison to the US\$897.18 million recorded for June 2021.

At its current value, the NIR is US\$401.19 million more than its total of US\$2,758.36 million reported at the end of July 2020. The current reserve is able to support approximately 42.14 weeks of goods imports and 29.93 weeks of goods and services imports.



Actual NIR vs IMF Target

