

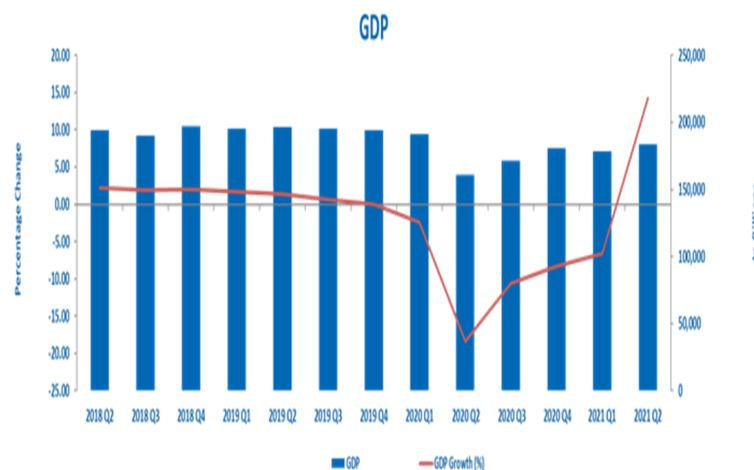


## LOCAL ECONOMY

### GROSS DOMESTIC PRODUCT

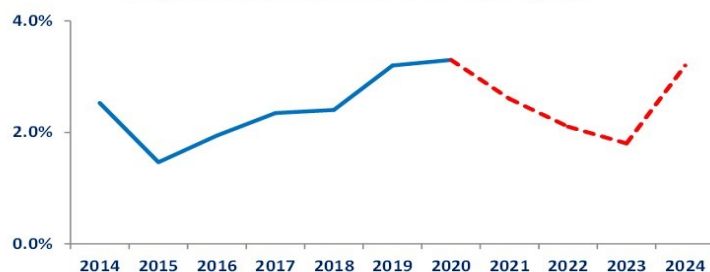
According to the Statistical Institute of Jamaica (STATIN), the total value added in the second quarter of 2021 grew by 14.2 per cent when compared to the similar quarter of 2020. Both the Services and Goods Producing industries increased by 14.8 per cent and 12.7 per cent respectively in the review period.

All industries within the Services Industries grew: Hotels & Restaurants (334.6%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (19.3%), Transport, Storage & Communication (13.9%), Other Services (23.2%), Real Estate, Renting & Business Activities (5.2%), Finance & Insurance Services (2.8%), Electricity & Water Supply (4.0%) and Producers of Government Services (0.4%). The growth in the Goods Producing Industries was due to increased activities in Agriculture, Forestry & Fishing (15.0%), Construction (17.4%) and Manufacturing (12.9%). However, the Mining & Quarrying industry fell by 9.2 per cent.



### CAPITAL EXPENDITURE TO GDP

#### Capital Expenditure to GDP (%)



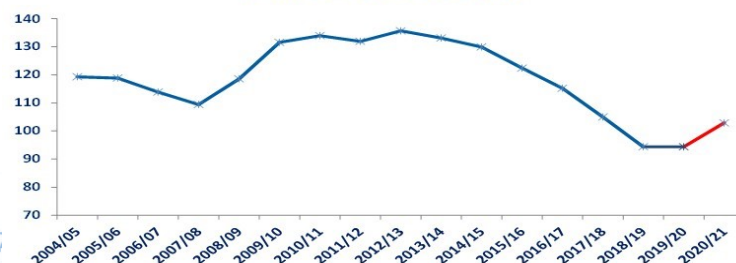
Total Expenditure for the period April to September 2021 amounted to \$334.47 billion, \$15.31 billion less than the budgeted amount of \$349.78 billion. Recurrent expenditure which totalled \$308.71 billion, accounted for 93.45% of overall expenditures. Of the recurrent expenditure categories for the review period, the categories above the budgeted amount were 'Employee Contribution' and 'Interest'.

'Employee Contribution' amounted to \$10.31 billion which was \$806.6 million or 8.5% more than budgeted. 'Interest' totalled \$66.16 billion, 4.4% above the budgeted amount of \$63.36 billion. Conversely 'Compensation of Employees' totalled \$117.57 billion, \$1.47 billion below the budgeted amount of \$119.04 billion. 'Programmes' totalled \$124.98 billion, 8.2% less than budgeted. Additionally, 'Wages & Salaries' totalled \$107.27 billion, 2.1% less than the budgeted amount of \$109.54 billion.

The 'Fiscal Deficit' was \$4.54 billion, relative to a 'Projected Deficit' of \$33.94 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$61.61 billion, relative to the 'Budgeted Primary Surplus Balance' of \$29.42 billion.

### DEBT TO GDP

#### Total Debt to GDP (%)



The debt-to-GDP is projected at 110.10% 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 September 2021, Jamaica's total debt stands at \$2.16 trillion.

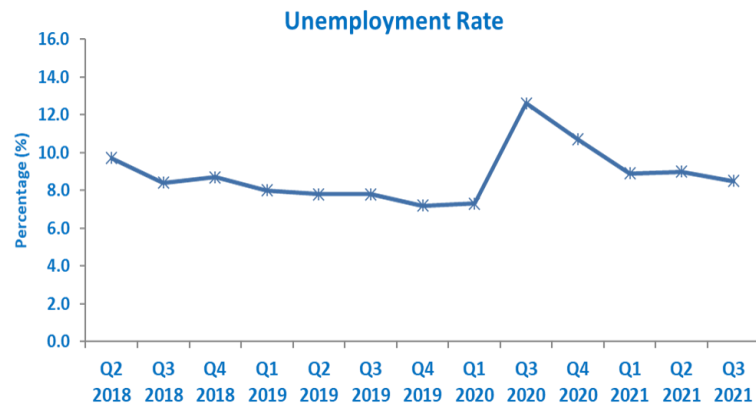
Jamaica's economic and fiscal resilience was tested during FY 2020/21, with a shortfall of \$78bn or 3% of GDP in tax revenues, due to the impact of the pandemic. The economy is expected to return to positive growth in FY 2021/22 and continue throughout the medium term. Real GDP is projected to grow 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

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	10.7
2021	8.9	9.0	8.5	-



According to STATIN, as at July 2021, there were 1,215,000 employed persons. This was 93,400 or 8.3% more than the number of persons when compared to July 2020. In July 2021, the unemployment rate was 8.5%, which was 4.1 percentage points lower than the rate of 12.6% for July 2020. This decrease was driven mainly by a decline in the male unemployment rate. In July 2021, the unemployment rate for males decreased by 5.2 percentage points to 6.3% and females by 2.9 percentage points to 11.1%. Male employment increased by 55,700 (9.0%) and female by 37,700 (7.5%). The number of unemployed persons stood at 112,500, a 30.4% decrease when compared to July 2020. The number of unemployed males decreased by 35,000 (43.4%) to 45,700 in July 2021. There was a decline of 14,200 (17.5%) in the number of unemployed females to 66,800.

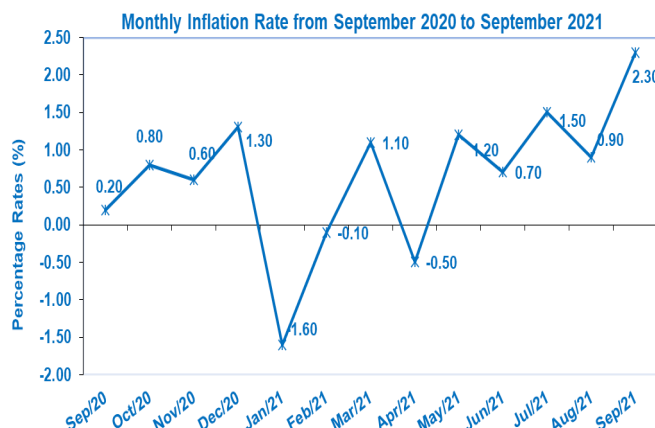
## PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

### Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry increased by 0.3% for September 2021", according to the Statistical Institute of Jamaica (STATIN). This movement resulted from a 0.3% increase in the index for the major group, 'Bauxite Mining & Alumina Processing'. The other major group 'Other Mining and Quarrying' rose by 0.1%.

The index for the Manufacturing industry rose by 0.3%, 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 0.3% and 0.5% respectively. 'Refined Petroleum Products' also increased by 0.2%.

For the point-to-point period, September 2020 – September 2021, the index for the Mining & Quarrying industry rose by 15.7%. This growth was attributed to a increase of 16.2% in the index for the major group 'Bauxite Mining & Alumina Processing'. The point-to-point index for the Manufacturing industry increased by 15.8%.



### Consumer Price Index:

According to the Statistical Institute of Jamaica (STATIN) the consumer price index for October 2021 was 116.0 resulting in an inflation rate of 1.0% when compared to the previous month's inflation rate of 2.3%. STATIN noted that, "This movement was primarily due to the 2.5% increase in the index for the heavily weighted 'Food and Non-Alcoholic Beverages' division. The 'Vegetables, tubers, plantains, cooking bananas and pulses' class, had the strongest impact on the movement of the division with a 6.8% rise in its index – owing to higher prices for some agricultural produce, especially vegetables, as a result of the continued low supplies on the market." However, the overall rate of inflation was moderated by the 0.5% decline in the index for the 'Housing, Water, Electricity, Gas and Other Fuels' division.

As indicated by STATIN, "this mainly resulted from the group 'Electricity, Gas and Other Fuels' recording a decrease of 2.0% in its index due to lower electricity rates. Effective October 2021, the Office of Utilities Regulation (OUR) approved a 1.4% increase in electricity rates to Jamaica Public Service (JPS). However, there was a reduction in customers' electricity bill due to improvements in the foreign exchange rate and a fall in fuel prices."

Inflation of 0.6% was recorded for the division 'Furnishings, Household Equipment and Routine Household Maintenance'. This movement was mainly impacted by the 1.3% increase in the index for the group 'Household Appliances'. Increases were recorded for all the other groups: 'Tools and Equipment for House and Garden' (0.7%), 'Goods and Services for Routine Household Maintenance' (0.5%), 'Furniture, Furnishings and Loose Carpets' (0.3%) and 'Household Textiles' (0.2%).

The index for the 'Transport' division increased by 0.3% which was influenced by higher petrol prices for personal transport equipment. The index for the division 'Restaurants and Accommodation Services' increased by 0.2% for October 2021. Resulting from increase in the index for the class 'Restaurants, cafes and the like'.

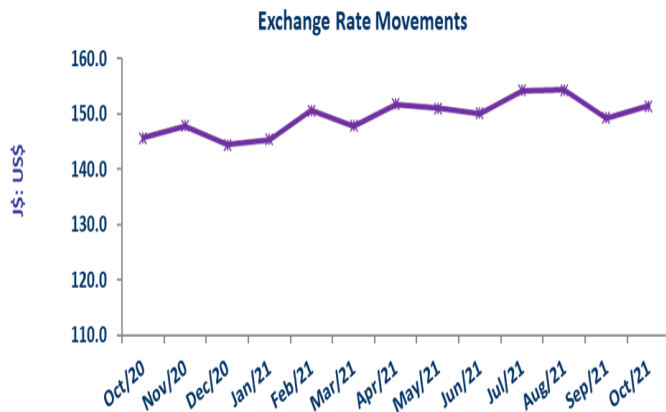
The 'Recreation, Sport and Culture' division registered a 0.9% rise for the period under review. Resulting from a 0.5% increase registered for the group, 'Newspapers, Books and Stationery'. This upward movement resulted from higher prices for some books and stationery.

The movement in the index for calendar year-to-date was 8.2% and the point-to-point was 8.5% as at October 2021. The Greater Kingston Metropolitan reported inflation of 0.9%, while the Rural Areas and Other Urban Centres reported inflation of 1.0% and 0.9%, respectively.

# FOREIGN EXCHANGE MARKET

## LOCAL FOREX

The Jamaica dollar depreciated against the USD for the month of October 2021. The JMD depreciated by \$2.15 in October, to close the month at an average of \$151.49 relative to the \$149.34 recorded in September 2021. Year over year, the JMD has depreciated by approximately \$5.82 or 4% relative to the \$145.67 reported as at October 2020.



## INTERNATIONAL FOREX

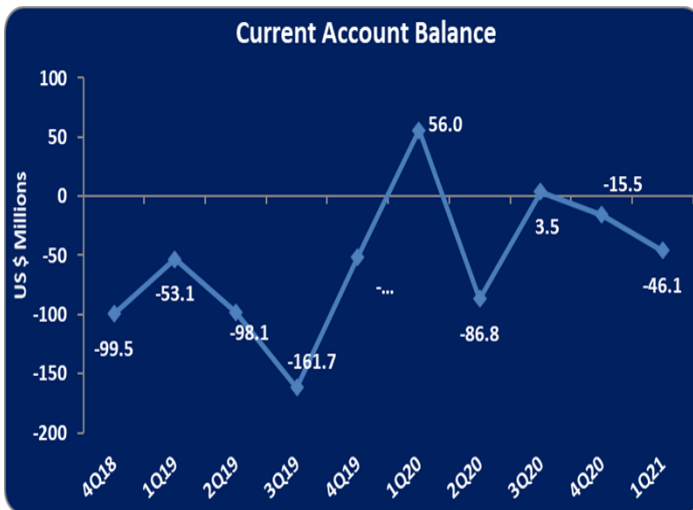
**GBP/USD:** The pair closed at **\$1.3660** for the month of October according to FX Empire, to close the month “The British pound rallied a bit during the trading session as there is a lot of noise in this marketplace. The market is looking towards the 1.40 handle over the longer term.” Additionally, “Keep in mind that the Bank of England is looking to raise rates soon, so that of course has a certain amount of influence on this market anyway.”

**EUR/USD:** For October 2021, the EUR/USD pair closed at **\$1.1592** versus \$1.1597 at the start of the month, a 0.04% decrease. According to FX empire, “traders reassessed their responses to the dovish European Central Bank (ECB) monetary policy decisions as President Christine Lagarde’s” failed “to push back against market expectations of higher interest rates.” Looking ahead, “the Federal Reserve is looking much more hawkish, as they have started to taper bond purchases, driving rates higher over the longer term. That makes the US dollar much more attractive,”

October 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3561	1.3837	1.3532	1.3660
USD/CAD	1.2645	1.2702	1.2288	1.2358
EUR/USD	1.1597	1.1692	1.1524	1.1592
USD/JPY	111.00	114.70	110.81	114.18

The CAD appreciated against the USD during the month of October by 2.27% to close at \$1.2358.

## CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the current account (CA) of Jamaica’s balance of payments for the June 2021 quarter amounted to an estimated surplus of US\$237.4 million (1.6 per cent of GDP), US\$324.2 million higher (better) than the outturn recorded for the June 2020 quarter. The improvement in the current transfers sub-account was mainly driven by higher remittance inflows while the improvement in the services sub-account was underpinned by higher stop over arrivals.

The CAD (as a per cent of GDP) is projected to deteriorate over the medium-term, relative to the previous forecast. Specifically, the CAD is projected to average 1.1 per cent of GDP between FY2023/24 and FY2027/28, relative to the previous forecast of 0.8 per cent of GDP.

## MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	Aug-20	Jun-21	Aug-21
Total Money Supply (M2*)	19.3	16.5	12.6
Money Supply (M2J)	18.4	16.1	13.1
Money Supply (M1J)	21.4	16.3	11.9
Currency with the public	25.7	17.4	18.1
Demand Deposits	18.6	15.5	7.6
Quasi Money	15.6	15.9	14.3
Savings Deposits	17.2	16.9	17.4
Time Deposits	9.8	11.6	2.2
Foreign Currency Deposits	20.8	17.3	11.7

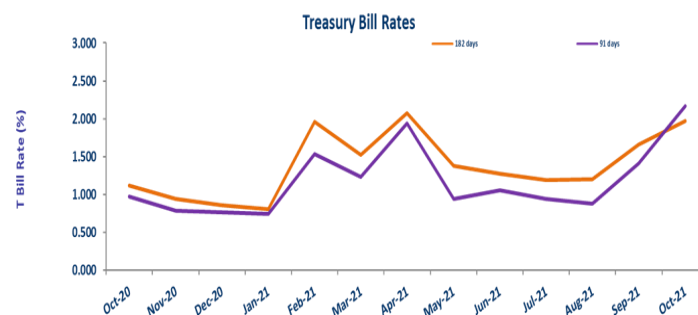
According to the latest data available from the Bank of Jamaica’s quarterly report, “The 13.1 per cent expansion in M2J at August 2021 was largely underpinned by growth of 11.9 per cent in local currency deposits, a deceleration relative to the 15.7 per cent recorded at end-June 2021.

The acceleration in the growth in deposits was reflected in savings and demand deposits, which grew by 17.4 per cent and 7.6 per cent, respectively, relative to growth of 16.9 per cent and 15.5 per cent in June 2021. Growth in M2J was also influenced by growth of 18.1 per cent in currency with the public, relative to growth of 17.4 per cent in June 2021.”



## Treasury Bills:

For the month of October, 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\$2.25 billion for the 91-day bill, J\$1.97 billion for the 182-day bill and J\$1.86 billion for the 270-day bill respectively. The 91-day treasury bill auction resulted in the average yield of 2.17%, up 75.3 basis points compared to September 2021, the 182-day treasury bill auction resulted in the average yield of 1.97%, up 31.7 basis points relative to the prior month. The average yields on the 91-day increased by 119.0 basis points compared to the auctions in 2020 for the comparable period. The 182-day treasury bills went up 85.5 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
12-Oct-21	14 Days	4.91%	N/A	Fixed	26-Oct-21
22-Oct-21	2.5 Years	2.20%	N/A	Fixed	22-Apr-24
29-Oct-21	3.5 Years	4.50%	N/A	Fixed	27-Apr-25
29-Oct-21	7.6 Years	5.68%	N/A	Fixed	29-May-29
29-Oct-21	15.5 Years	10.00%	N/A	Fixed	8-May-37
8-Oct-21	28 Days	2.00%	N/A	Fixed	5-Nov-21
15-Oct-21	28 Days	2.00%	N/A	Fixed	12-Nov-21
22-Oct-21	28 Days	2.00%	N/A	Fixed	19-Nov-21
29-Oct-21	28 Days	2.00%	N/A	Fixed	26-Nov-21
25-Oct-21	1 Year	2.10%	N/A	Fixed	25-Oct-22

The Bank of Jamaica issued three 28 Days and a 1 year Certificate of Deposit. There was also one 14 Days Repo Auction, four long term Benchmark Investment Notes and one Fixed Rate US-Dollar Indexed Note during the month of October.

## TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in August 2021 amounted to 153,560 a 250.5% change when compared 43,813 recorded August 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 which eventually returned on November 8, following an 18-month absence because of the COVID-19 pandemic.

Stopover arrivals from the U.S. market total of 130,187 arrivals, there were 36,719 arrivals in August 2020 (see Tourist Arrivals table to the right).

The Canadian market arrivals amounted to 6,609 relative to the 3,386 a year prior. While the European market region recorded a total of 13,771 stopover arrivals in August 2021 when compared to the 2,850 in August 2020. Arrivals from Caribbean totalled 2,209 stopovers in comparison to the 703 in August 2020.

Stopover Arrivals by Market Region					
Country	August 2021	Share %	August 2020	Share %	Change %
U.S.A.	130,187	84.8%	36,719	83.8%	254.5%
Canada	6,609	4.3%	3,386	7.7%	95.2%
Europe	13,771	9.0%	2,850	6.5%	383.2%
Latin America	463	0.3%	60	0.1%	671.7%
Caribbean	2,209	1.4%	703	1.6%	214.2%
Asia	154	0.1%	51	0.1%	202.0%
Others	167	0.1%	44	0.1%	279.5%
Total	153,560	100.0%	43,813	100.0%	250.5%





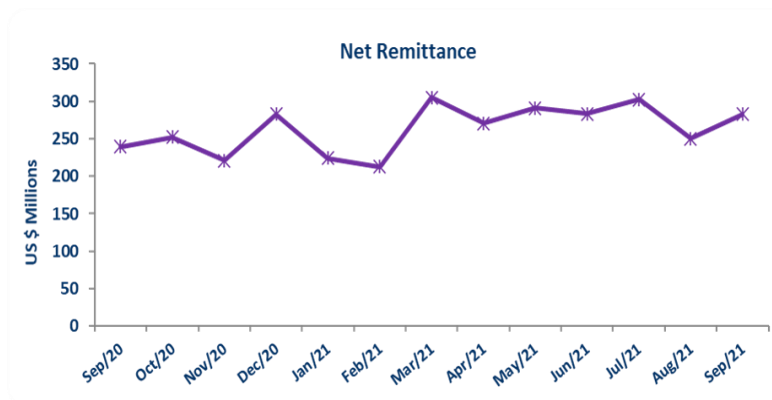
## REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for September 2021, showed that total Remittance inflows amounted to US\$304.5 million (2020: US\$259.7 million), while outflows totalled US\$21.7 million (2020: US\$17.7 million).

Net remittances were US\$282.8 million, an increase of US\$40.7 million (16.8%) relative to US\$242.0 million reported for the corresponding month of 2020.

Total remittance inflows from April to September 2021 of US\$1,800.8 million increased by 17.8% or US\$272.3 million relative to the previous corresponding period.

The largest source market of remittances to the island in September was USA with a share of 69.7% (2020: 67.4%). The remaining remittances during the aforementioned month came from UK (10.3%) followed by Canada (11.6%) and the Cayman Islands (5%).



## NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totalled US\$3,868.07 million as at October 2021, reflecting a decrease of US\$96.15 million relative to the US\$3,964.22 million reported at the end of September 2021 (see figure 1).

Foreign Assets totalled US\$4,740.51 million, US\$94.47 million less than the US\$4,834.98 million reported for September 2021. 'Currency & Deposits' contributed the most to the decrease in Foreign Assets. 'Currency & Deposits' as at October 2021 totalled US\$3,651.02 million reflecting a decrease of US\$136.54 million compared to US\$3,787.56 million booked as at September 2021.

'Securities' amounted to US\$347.33 million; US\$13.96 million more than the US\$333.37million reported at September 2021. While 'SDR & IMF Reserve Position' amounted to US\$742.16 million; US\$28.11 million more than the US\$714.05 million reported at September 2021. Liabilities to the IMF accounted for 100% of total Foreign Liabilities; this amounted to US\$872.44 million which reflected a month on month increase of US\$1.67 million in comparison to the US\$870.77 million recorded for September 2021.

At its current value, the NIR is US\$974.07 billion more than its total of US\$2,893.31million reported at the end of October 2020. The current reserve is able to support approximately 45.70 weeks of goods imports and 32.62 weeks of goods and services imports.

