



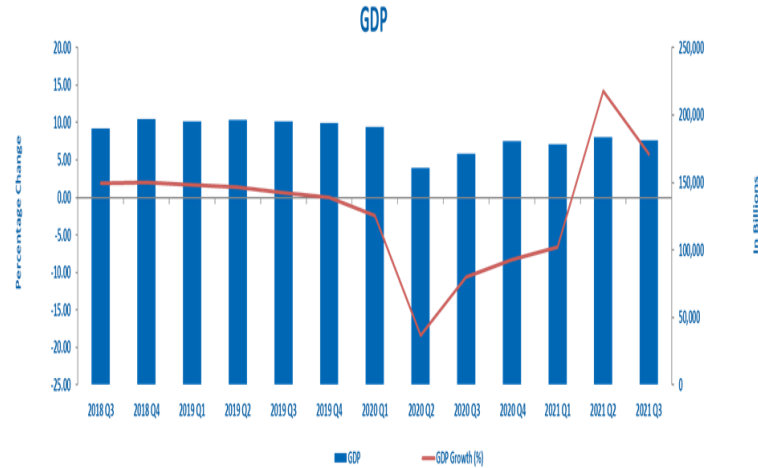
**LOCAL ECONOMY**

**GROSS DOMESTIC PRODUCT**

According to the Statistical Institute of Jamaica (STATIN), the total value added for the Jamaican economy increased by 5.8 per cent during the third quarter of 2021 when compared to the third quarter of 2020. This was attributable to growth in both the Services and Goods Producing Industries of 7.1 per cent and 2.4 per cent respectively.

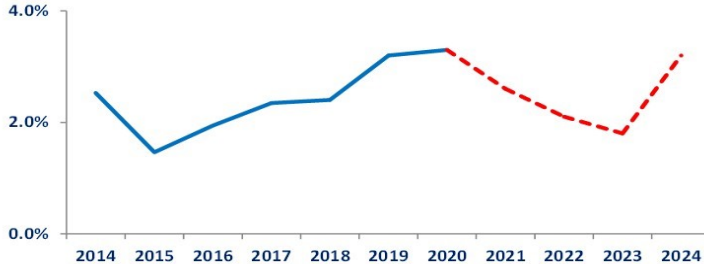
The growth in the Services Industries was due to improved performance in all eight (8) industries: Hotels & Restaurants (114.6%), Transport, Storage & Communication (8.8%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (4.4%), Other Services (12.2%), Finance & Insurance Services (2.3%), Real Estate, Renting & Business Activities (0.7%), Electricity & Water Supply (0.6%) and Producers of Government Services (0.4%) .

The increase in the Goods Producing Industries was mainly due to higher output levels in Agriculture, Forestry & Fishing (7.3%), Manufacturing (4.6%) and Construction (4.4%).



**CAPITAL EXPENDITURE TO GDP**

Capital Expenditure to GDP (%)



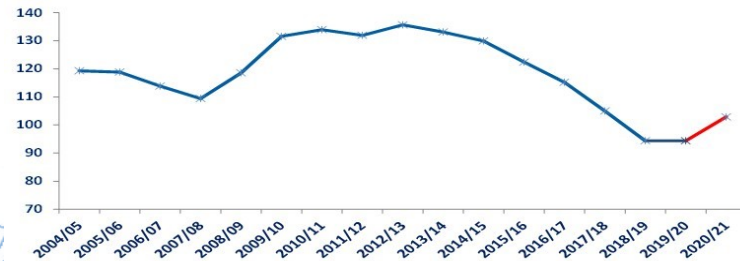
Total Expenditure for the period April to November 2021 amounted to \$441.79 billion, \$2.15 billion less than the budgeted amount of \$443.94 billion. Recurrent expenditure which totalled \$408.76 billion, accounted for 92.26% of overall expenditures. Under the recurrent expenditure categories for the review period, the category above the budgeted amount was ‘Interest’.

This totalled \$85.57 billion, 1.6% above the budgeted amount of \$84.26 billion. The categories below the budgeted amount included ‘Programmes’ which amounted to \$167.50 billion which was \$3.19 billion or 1.9% less than budgeted. Comparably, ‘Compensation of Employees’ totalled \$155.69 billion, \$501.60 million below the budgeted amount of \$156.19 billion. ‘Wages & Salaries’ totalled \$142.55 billion, 0.2% less than budgeted. Additionally, ‘Employee Contribution’ totalled \$13.14 billion, which was 1.2% less than the budgeted amount of \$13.31 billion.

The ‘Fiscal Deficit’ was \$16.13 billion, relative to a ‘Projected Deficit’ of \$13.81 billion. Additionally, the ‘Primary Surplus Balance’ for the period amounted to \$69.45 billion, relative to the ‘Budgeted Primary Surplus Balance’ of \$70.45 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 \$2.21 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 Q1	April Q2	July Q3	October 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	7.1



According to STATIN, as at October 2021, there were 1,234,800 employed persons. This was 76,600 or 6.6% more than the number of persons when compared to October 2020. In October 2021, the unemployment rate was 7.1%, which was 3.7 percentage points relative to October 2020. Females accounted for 57.0 per cent (43,700) of the increase in employment. There were 1,329,100 persons in the Labour Force, an increase of 31,400 (2.4%) compared to 1,297,700 in October 2020. The male labour force increased by 10,700 (1.5%) persons to 715,300, while the female labour force increased by 20,700 persons (3.5%) to 613,800. The number of unemployed persons in October 2021 was 94,300, which is 45,200 fewer persons (32.4%) compared to October 2020.

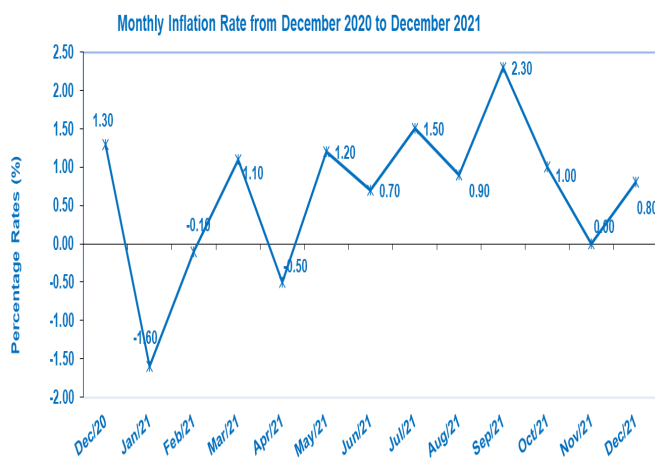
## PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

### Producer Price Index:

“The Producer Price Index for the ‘Mining and Quarrying’ industry decreased by 2.4% for October 2021”, according to the Statistical Institute of Jamaica (STATIN). This movement resulted from a 2.4% decline in the index for the major group, ‘Bauxite Mining & Alumina Processing’. The other major group ‘Other Mining and Quarrying’ fell by 0.7%.

The index for the Manufacturing industry rose by 2.3%, which was mainly attributed to increases in the index for the major groups ‘Refined Petroleum Product’ and ‘Other Manufacturing’ which moved up by 14.2% and 0.5% respectively. ‘Refined Petroleum Products’ also increased by 8.0%.

For the point-to-point period, October 2020 – October 2021, the index for the Mining & Quarrying industry rose by 27.1%. This growth was attributed to a increase of 28.0% in the index for the major group ‘Bauxite Mining & Alumina Processing’. The point-to-point index for the Manufacturing industry increased by 19.1%.



### Consumer Price Index:

According to the Statistical Institute of Jamaica (STATIN), increased by 0.8 per cent for December 2021. This movement was largely impacted by the 4.7 per cent increase in the index for the ‘Housing, Water, Electricity, Gas and Other Fuels’ division. Increased electricity, water and sewage rates were the main factors that contributed to the increase in the index for the division. The inflation rate for the review period, however, was tempered by the 0.5 per cent decrease in the index for the heaviest weighted division, ‘Food and Non-Alcoholic Beverages’. The continued improvement in the supplies of some agricultural produce, especially tomato, lettuce, cabbage, sweet pepper and yam, led to the class ‘Vegetables, tubers, plantains, cooking bananas and pulses’ falling by 5.6 per cent. This resulted in a 0.6 per cent decline in the index for the group ‘Food’.

For December 2021, the index for the ‘Alcoholic Beverages, Tobacco and Narcotics’ division rose by 0.7 per cent. The costs for spirits, wines and beers continued to move upwards for the period under review.

The index for the ‘Clothing and Footwear’ division increased by 0.3 per cent for December 2021. The two groups within this division, ‘Clothing’ and ‘Footwear’, increased by 0.4 per cent and 0.3 per cent respectively.

The index for the ‘Health’ division rose by 0.3 per cent. This was due primarily to the 0.3 per cent increase in the index for the group ‘Medicines and Health Products’. The index for the ‘Out Patient Care Services’ group went up by 0.8 per cent, while the group ‘Other Health Services’ increased by 0.1 per cent.

The ‘Housing, Water, Electricity, Gas and Other Fuels’ division rose by 4.7 per cent for the review period. This movement was 1.9 percentage points higher when compared to the 2.8 per cent that was recorded for the previous month. This increase was largely attributable to higher rates for electricity and resulted in the index for the group ‘Electricity, Gas and Other Fuels’ which rose by 11.9 per cent.

For the ‘Transport’ division, there was a negligible movement in the index for December 2021. Lower petrol prices for personal transport equipment was offset by higher air travel costs.

The ‘Recreation, Sport and Culture’ division increased by 0.5 per cent for December 2021. The upward movement in the index for this division was impacted mainly by increases for the groups, ‘Garden Products and Pets’, 0.7 per cent and ‘Newspapers, Books and Stationery’, 0.6 per cent. The index for the ‘Restaurants and Accommodation Services’ division was 0.4 per cent higher than the previous month.

The point-to-point inflation rate was 7.3 per cent, the fiscal year-to date inflation rate was 8.6 per cent while the calendar year inflation rate was 9.1 per cent as at December 2021.



# FOREIGN EXCHANGE MARKET

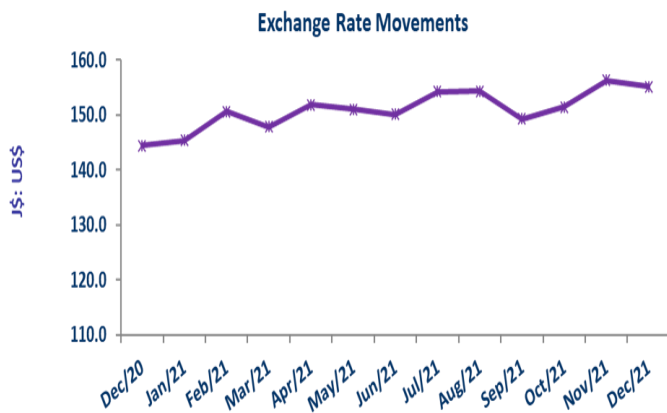
## LOCAL FOREX

## INTERNATIONAL FOREX

The Jamaica dollar depreciated against the USD for the month of December 2021. The JMD depreciated by \$1.16 in December, to close the month at an average of \$155.15 relative to the \$156.31 recorded in November 2021. Year over year, the JMD has depreciated by approximately \$10.74 or 7.44% relative to the \$144.41 reported as at December 2020.

**GBP/USD:** The pair closed at **\$1.3161** for the month of December according to FX Empire, to close the month “The British pound rallied significantly during the course of the week to break above the 1.35 handle.” Looking ahead, “It is the British pound that is giving the US dollar the biggest fight right now, all things been equal, the market will continue to be noisy but overall looks very positive.”

**EUR/USD:** For December 2021, the EUR/USD pair closed at **\$1.1374** versus \$1.1319 at the start of the month, a 0.49% increase. According to FX empire, “the Euro is spiking to the upside at the mid-session on Friday as buyers took advantage of the thin holiday volume. The move may have been fueled by end-of-the-year position-squaring or possibly the news that China would raise its Euro weightings in its key Yuan Index basket.” Looking ahead, “The U.S. Federal Reserve meets next week. It is expected to raise rates in March, for the first time since the start of the coronavirus pandemic, and investors are pricing in four rate hikes in 2022.”

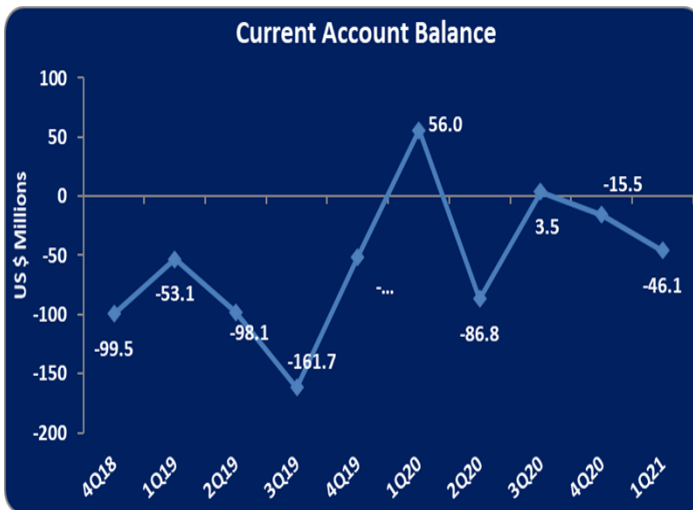


December 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3273	1.3550	1.3161	1.3523
USD/CAD	1.2820	1.2964	1.2608	1.2640
EUR/USD	1.1319	1.1386	1.1222	1.1374
USD/JPY	112.79	115.21	112.56	115.11

The CAD appreciated against the USD during the month of December by 1.40% to close at \$1.2640.

## CURRENT ACCOUNT BALANCE

## 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

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.

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 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.

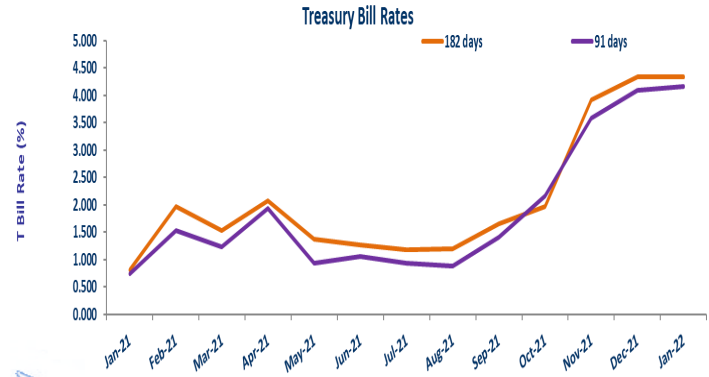
The acceleration in the growth in deposits was reflected in savings and demand deposits, which grew by 17.4 per cent and 7.6 per cent, respectively, relative to growth of 16.9 per cent and 15.5 per cent in June 2021. Growth in M2J was also influenced by growth of 18.1 per cent in currency with the public,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





### Treasury Bills:

For the month of 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\$1.78 billion for the 91-day bill, J\$1.53 billion for the 182-day bill and J\$1.14 billion for the 270-day bill respectively. The 91-day treasury bill auction resulted in the average yield of 4.17%, up 7.6 basis points compared to December 2021, the 182-day treasury bill auction resulted in the average yield of 4.34%, up 0.9 basis points relative to the prior month. The average yields on the 91-day increased by 342.6 basis points compared to the auctions in 2021 for the comparable period. The 182-day treasury bills went up 353.6 basis points relative to the corresponding auctions in 2021. (Refer to the graph on the right).



### OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
3-Dec-21	28 Days	2.50%	N/A	Fixed	31-Dec-21
10-Dec-21	28 Days	2.50%	N/A	Fixed	7-Jan-22
17-Dec-21	28 Days	2.50%	N/A	Fixed	14-Jan-22
24-Dec-21	28 Days	3.00%	N/A	Fixed	21-Jan-22
31-Dec-21	28 Days	3.00%	N/A	Fixed	28-Jan-22
21-Dec-21	40 Years	8.50%	N/A	Fixed	21-Dec-61

The Bank of Jamaica issued five 28 Days and one long term Benchmark Investment Notes in the month of December.

### TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in October 2021 amounted to 118,534 a 162.8% change when compared 45,106 recorded October 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 97,545 arrivals, there were 38,428 arrivals in October 2020 (see Tourist Arrivals table to the right).

The Canadian market arrivals amounted to 7,305 relative to the 2,419 a year prior. While the European market region recorded a total of 10,686 stopover arrivals in October 2021 when compared to the 3,638 in October 2020. Arrivals from Caribbean totalled 1,985 stopovers in comparison to the 423 in October 2020.

Country	Stopover Arrivals by Market Region				
	October 2021	Share %	October 2020	Share %	Change %
U.S.A.	97,545	82.3%	38,428	85.2%	153.8%
Canada	7,305	6.2%	2,419	5.4%	202.0%
Europe	10,686	9.0%	3,638	8.1%	193.7%
Latin America	728	0.6%	119	0.3%	511.8%
Caribbean	1,985	1.7%	423	0.9%	369.3%
Asia	194	0.2%	39	0.1%	397.4%
Others	91	0.1%	40	0.1%	127.5%
Total	118,534	100.0%	45,106	100.0%	162.8%







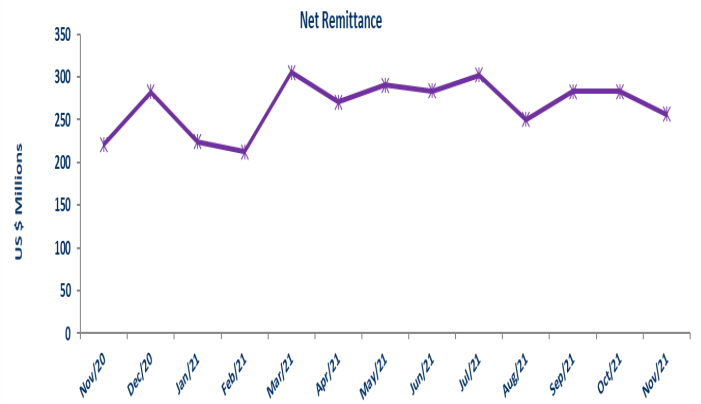
## REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for November 2021, showed that total Remittance inflows amounted to US\$274.5 million (2020: US\$237.4 million), while outflows totalled US\$18.1 million (2020: US\$16.5 million).

Net remittances were US\$256.4 million, an increase of US\$35.5 million (16.1%) relative to US\$220.9 million reported for the corresponding month of 2020.

Total remittance inflows from April to November 2021 of US\$2,376.4 million increased by 16.6% or US\$338.6 million relative to the previous corresponding period.

The largest source market of remittances to the island in November was USA with a share of 70.1% (2020: 68.1%). The remaining remittances during the aforementioned month came from UK (10.6%) followed by Canada (10.2%) and the Cayman Islands (5.6%).



## NET INTERNATIONAL RESERVES

For the month of December 2021, BOJ has reported Jamaica's Net International Reserves (NIR) has totalled US\$3,999.7 million, reflecting an increase of US\$103.71 million relative to the US\$3,896 million reported at the end of November 2021.

Foreign Assets totalled US\$4832.4 million, US\$82.10 million more than the US\$4750.3 million reported for November 2021. 'Currency & Deposits' as of December 31, 2021 totalled US\$3,776.5 million reflecting an increase of US\$82.30 million compared to US\$3,694.2 million in the bank at November 2021.

'Securities' amounted to US\$340.5 million; US\$3.3 million more than the US\$337.3 million reported in November 2021. While the country's 'Special Drawing Rights & IMF Reserve Position' fell to US\$715.4 million; US\$ 3.5 million less than the US\$718.8 million reported in November 2021. Liabilities to the IMF sat at US\$832.6 million which reflected a month on month decline of US\$21.6 million in comparison to the US\$854.3 million recorded for November 2021.

At its current value, the NIR is US\$873.6 million more than its total of US\$3,126.1 million reported at the end of December 2020. The current reserve can support approximately 54.3 weeks of goods imports and 33.5 weeks of goods and services imports.

