



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.

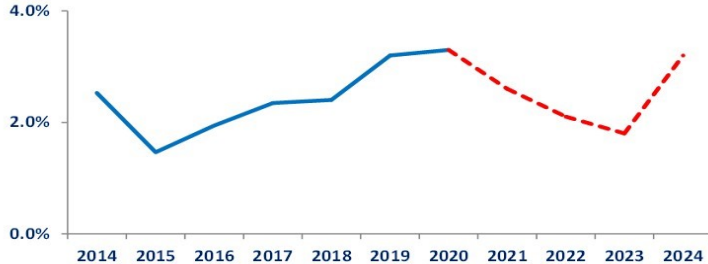
The Planning Institute of Jamaica (PIOJ) estimates that for the December 2021 quarter, real GDP grew by 6.0%, relative to the corresponding quarter of 2020. The Goods Producing Industry is estimated to have increased by 0.4%, due to improved performances in two of the four industries, namely Agriculture, and Construction. The Services Industry was estimated to have grown by 7.8%, relative to the corresponding quarter of the previous year, reflecting higher Real Value Added for all Industries.

For the calendar year 2021, real GDP was estimated to have increased by 4.4%. This reflected higher Real Value Added for both the Goods Producing Industry and the Services Industry, up 4.4% each.



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



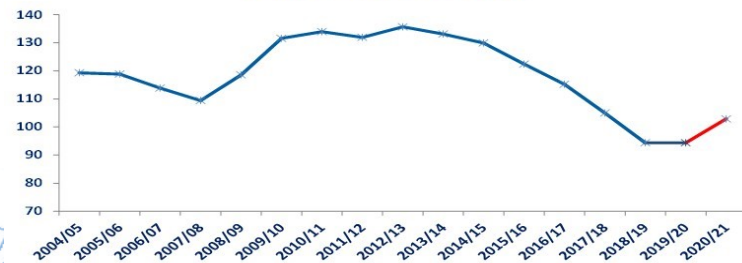
Total Expenditure for the period April 2021 to January 2022 amounted to \$563.45 billion, \$6.34 billion less than the budgeted amount of \$569.79 billion. Recurrent expenditure which totalled \$524.06 billion, accounted for 93.01% of overall expenditures. Under the recurrent expenditure categories for the review period, the category above the budgeted amount was 'Wages & Salaries'.

This totalled \$184.21 billion, 0.01% above the budgeted amount of \$184.19 billion. The categories below the budgeted amount included 'Programmes' which amounted to \$214.08 billion which was \$3.74 billion or 1.7% less than budgeted. Comparably, 'Employee Contribution' totalled \$16.18 billion, was \$19 million below the budgeted amount of \$16.20 billion. 'Interest' totalled \$109.59 billion, 1.9% less than budgeted. Additionally, 'Compensation of Employees' totalled \$200.39 billion, which was equal to the budgeted amount.

The 'Fiscal Deficit' was \$13.75 billion, relative to a 'Projected Deficit' of \$15.86 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$95.84 billion, relative to the 'Budgeted Primary Surplus Balance' of \$95.84 billion.

DEBT TO GDP

Total Debt to GDP (%)



The debt-to-GDP ratio was 94% at the onset of COVID-19 in March 2020, but due to the pandemic and the measures implemented to slow its spread, the ratio increased to approximately 110% by March 2021. As at October 2021, Jamaica's total debt stood at \$2.21 trillion.

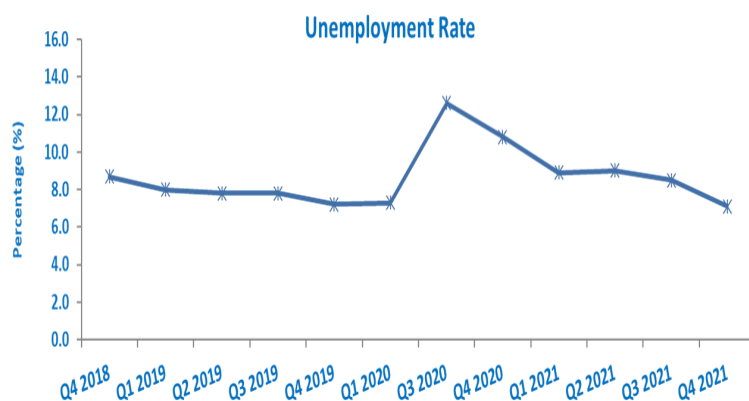
Jamaica's economy maintained a solid recovery in 2021, compared to 2020, the year of the COVID-19 pandemic's debut. Between April and September 2021, the economy had real economic growth of 9.9%, compared to a 14.5% decline during the same period in 2020. It should be mentioned that the economic recovery would have been better had it not been for an August 2021 fire at JAMALCO. Despite this, the GDP is forecast to expand by 7.9% in fiscal year 2022/23.

The growth in tourist arrivals and related activities continued to improve for the December 2021 quarter. The outlook for the industry hinges on an increase in foreign national arrivals and an increase in the average duration of stay. The increase in foreign national arrivals is mostly due to the addition of flights compared to a year ago, despite the world economy's slowing and Jamaica's increasing optimism rate.



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.

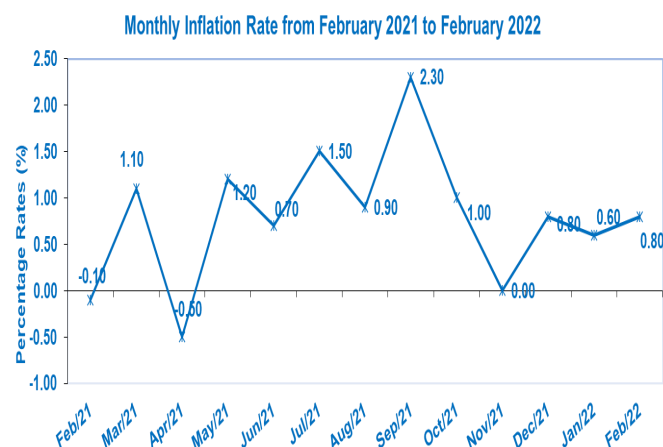
PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

Producer Price Index:

“The Producer Price Index for the ‘Mining and Quarrying’ industry contracted by 0.7% for January 2022”, according to the Statistical Institute of Jamaica (STATIN). This movement resulted from a 0.8% decline in the index for the major group, ‘Bauxite Mining & Alumina Processing’.

The index for the Manufacturing industry rose by 2.0%, 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 0.5% and 1.4% respectively. Additionally, ‘Refined Petroleum Products’ moved up by 8.8%.

For the point-to-point period, January 2021 – January 2022, the index for the Mining & Quarrying industry rose by 40.2%. This growth was attributed to a increase of 41.5% in the index for the major group ‘Bauxite Mining & Alumina Processing’. The point-to-point index for the Manufacturing industry increased by 22.1%.



Consumer Price Index:

According to STATIN (The Statistical Institute of Jamaica), the Consumer Price Index for February 2022 was 118.4, up 0.8 per cent from January 2022 which closed at 117.6. The upward movement was primarily attributable to a 1.3 per cent increase in the index of the heavily weighted ‘Food and Non-Alcoholic Beverage’ division. The main contributor to the uptick in the division was a 2.2 per cent increase in the index for the subgroup ‘Meat and other parts of slaughtered land animals’ due to increased prices for chicken products. Another contributor to the upward movement in the division was a 1.0 per cent increase in the index for the subgroup ‘Vegetables, tubers, plantains, cooking bananas and pulses’ as prices increased for some vegetables. However, the movement in this class was moderated by the fall in prices for some starchy produce.

‘The index for the ‘Housing, Water, Electricity, Gas and Other Fuels’ division experienced a 0.9 per cent increase in February 2022. The index for the subgroups, ‘Water Supply and Miscellaneous Services Relating to the Dwelling’ and ‘Electricity, Gas and Other Fuels’ increased by 3.8 per cent and 1.3 per cent respectively. These movements were due mainly to increased rates for water, sewage and electricity. The ‘Maintenance and Repair of the Dwelling’ subgroup also recorded an increase in its index of 1.0 per cent due to higher wages for carpenters, masons, painters, plumbers and electricians. The point-to-point inflation rate was 10.4 per cent, while the fiscal inflation year-to-date was 10.0 per cent for the review period.

A 0.9 per cent increase was recorded in the index for the ‘Transport’ division. This upward movement was mainly attributable to higher costs for ‘Fuels and Lubricants for personal transport equipment’ which rose by 4.7 per cent owing to the widely reported increases in petrol prices due to the Ukraine-Russia War.

The index for the ‘Restaurants and Accommodation Services’ division rose by 0.2 per cent in the month of February. A 0.2 per cent increase in the index for the subgroup ‘Food and Beverage Serving Services’ influenced the increase. There was also a 0.8 per cent rise in the index for the subgroup ‘Accommodation Services’.

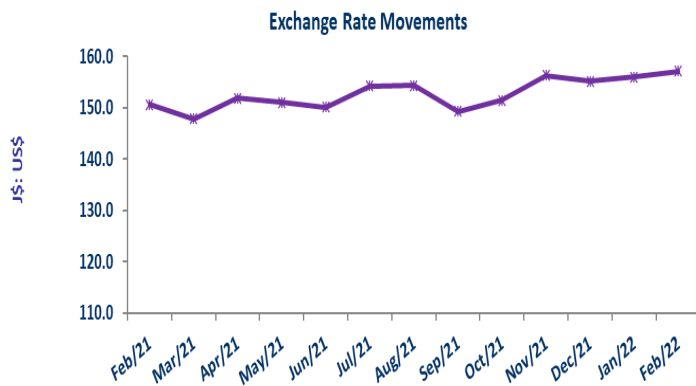
The inflation rate for ‘Personal Care, Social Protection and Miscellaneous Goods and Services’ was 0.8 per cent. Increases were recorded within this division and resulted in the index for the groups ‘Personal Care’ moving upwards by 0.8 per cent and ‘Other Personal Effects’ up by 0.6 per cent.

The point-to-point inflation rate was 10.7 per cent and the fiscal year-to date inflation rate was 10.1 per cent as at February 2022. Additionally, The Greater Kingston Metropolitan Area experienced inflation growth of 0.9% while Urban Centers Rural Areas both experienced inflation growth of 0.8%.

FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaica dollar depreciated against the USD for the month of February 2022. The JMD depreciated by \$1.12 in February, to close the month at an average of \$157.13 relative to the \$156.01 recorded in January 2022. Year over year, the JMD has depreciated by approximately \$6.47 or 4.29% relative to the \$150.66 reported as at February 2021.



INTERNATIONAL FOREX

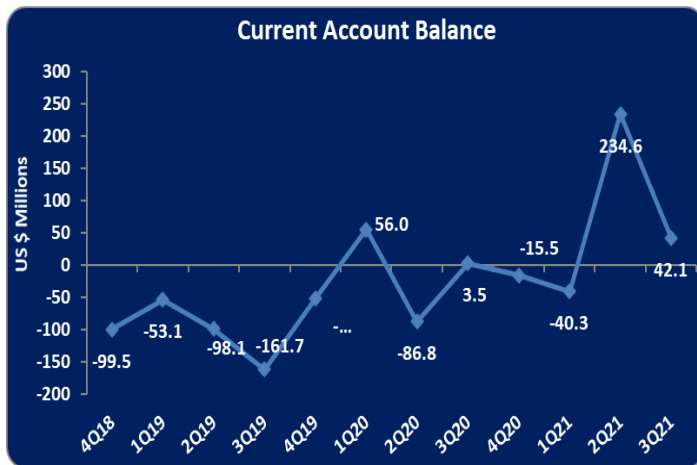
GBP/USD: The pair closed at **\$1.3325** for the month of February according to FX Empire, to close the month "The 1.32 handle is an area that has been noisy during the last several weeks, but at this point in time, it has held quite stringently." As it relates to forecast, "It have been in a downtrend, so it does certainly make quite a bit of sense that we would see sellers come back in more often than not. Interest rates continue to rise in the United States for the rest of the year based upon the Federal Reserve guidance, and there are plenty of reasons to think that we will continue to see US dollar strength."

EUR/USD: For February 2022, the EUR/USD pair closed at **\$1.1124** versus \$1.1273 at the start of the month, a 1.32% decline. According to FX empire, "The Euro is under pressure Friday, but remained in a position to post its biggest weekly gain in six weeks as traders relaxed a little after Russia avoided default on dollar-denominated debt and markets continued to assess the broader impact of the start of the U.S. rate hike cycle."

February 1-28				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3525	1.3644	1.3273	1.3325
USD/CAD	1.2683	1.2878	1.2636	1.2742
EUR/USD	1.1273	1.1495	1.1090	1.1124
USD/JPY	114.70	116.34	114.16	114.90

The CAD depreciated against the USD during the month of February by 0.47% to close at \$1.2742.

CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the current account (CA) of Jamaica's balance of payments for the September 2021 quarter amounted to an estimated surplus of US\$42.0 million (0.3 per cent of GDP), US\$38.4 million higher (better) than the outturn recorded for the September 2020 quarter. This improvement was reflected in the services sub-account, current transfers and income sub-account, partially offset by a deterioration in the goods balance.

The CAD (as a per cent of GDP) is projected to improve over the medium-term, relative to the previous forecast. Specifically, the CAD is projected to average 0.7 per cent of GDP between FY2023/24 and FY2027/28, relative to the previous forecast of 1.1 per cent of GDP.

MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	Nov-20	Sep-21	Nov-21
Total Money Supply (M2*)	17.8	12.1	14.5
Money Supply (M2J)	14.6	12.5	14.9
Money Supply (M1J)	21.0	13.4	15.9
Currency with the public	26.8	19.1	19.5
Demand Deposits	17.3	9.4	13.4
Quasi Money	9.1	11.6	14.0
Savings Deposits	17.1	15.6	16.0
Time Deposits	-14.2	-3.3	6.2
Foreign Currency Deposits	23.8	11.3	13.8

According to the latest data available from the Bank of Jamaica's quarterly report, "The 14.9 per cent expansion in M2J at November 2021 was largely underpinned by growth of 13.8 per cent in local currency deposits, an acceleration relative to the 10.8 per cent recorded at end September 2021."

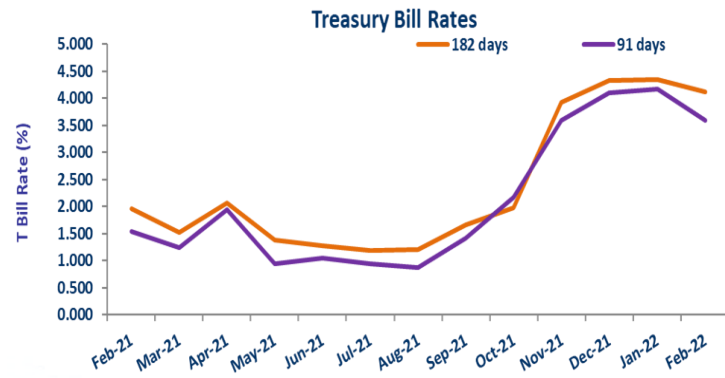
"The acceleration in the growth in deposits was reflected in savings and time deposits, which grew by 16.0 per cent and 6.2 per cent, respectively, relative to growth of 15.6 per cent and -3.3 per cent in September 2021. Growth in M2J was also influenced by growth of 19.5 per cent in currency with the public, relative to growth of 19.1 per cent in September 2021."





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\$2.19 billion for the 91-day bill, J\$1.62 billion for the 182-day bill and J\$1.98 billion for the 270-day bill respectively. The 91-day treasury bill auction resulted in the average yield of 3.59%, down 57.6 basis points compared to January 2021, the 182-day treasury bill auction resulted in the average yield of 4.12%, down 21.9 basis points relative to the prior month. The average yields on the 91-day increased by 206.4 basis points compared to the auctions in 2021 for the comparable period. The 182-day treasury bills went up 216.0 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
4-Feb-22	28 Days	3.00%	N/A	Fixed	4-Mar-22
11-Feb-22	28 Days	3.00%	N/A	Fixed	11-Mar-22
18-Feb-22	28 Days	3.00%	N/A	Fixed	18-Mar-22
25-Feb-22	28 Days	4.50%	N/A	Fixed	25-Mar-22
15-Feb-22	2 Years	4.50%	N/A	Fixed	15-Feb-24

The Bank of Jamaica issued four 28 Days Certificate of Deposit and one long term Benchmark Investment Notes in the month of February.

TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in December 2021 amounted to 223,333 a 147.7% change when compared 90,164 recorded December 2020. Notably arrivals were bolstered by a number of Covid-19 restrictions being relaxed. Jamaica borders were re-opened on June 15, 2020 with the exception of the cruise ship piers which eventually returned in November 2021, following an 18-month absence because of the COVID-19 pandemic.

Stopover arrivals from the U.S. market total of 170,192 arrivals, there were 74,896 arrivals in December 2020 (see Tourist Arrivals table to the right).

The Canadian market arrivals amounted to 23,848 relative to the 8,532 a year prior. While the European market region recorded a total of 22,149 stopover arrivals in December 2021 when compared to the 4,312 in December 2020. Arrivals from Caribbean totalled 5,216 stopovers in comparison to the 1,594 in December 2020.

Stopover Arrivals by Market Region					
Country	December 2021	Share %	December 2020	Share %	Change %
U.S.A.	170,192	76.2%	74,896	83.1%	127.2%
Canada	23,848	10.7%	8,532	9.5%	179.5%
Europe	22,149	9.9%	4,312	4.8%	413.7%
Latin America	1,395	0.6%	509	0.6%	174.1%
Caribbean	5,216	2.3%	1,594	1.8%	227.2%
Asia	313	0.1%	79	0.1%	296.2%
Others	220	0.1%	242	0.3%	-9.1%
Total	223,333	100.0%	90,164	100.0%	147.7%



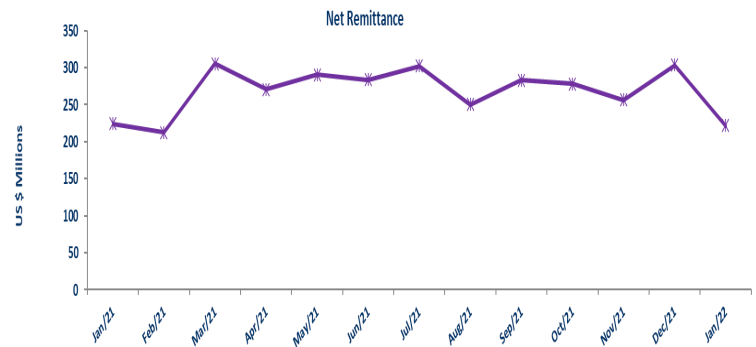
REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for January 2022, showed that total Remittance inflows amounted to US\$244.3 million (2021: US\$241.0 million), while outflows totalled US\$22.9 million (2021: US\$16.6 million).

Net remittances were US\$221.4 million, an decline of US\$3.0 million (1.3%) relative to US\$224.4 million reported for the corresponding month of 2021.

Total remittance inflows from April 2021 to January 2022 of US\$2,739.4 million increased by 14.2% or US\$340.0 million relative to the previous corresponding period.

The largest source market of remittances to the island in January was USA with a share of 70.3% (2020: 69.8%). The remaining remittances during the aforementioned month came from UK (11.1%) followed by Canada (9.0%) and the Cayman Islands (5.7%).

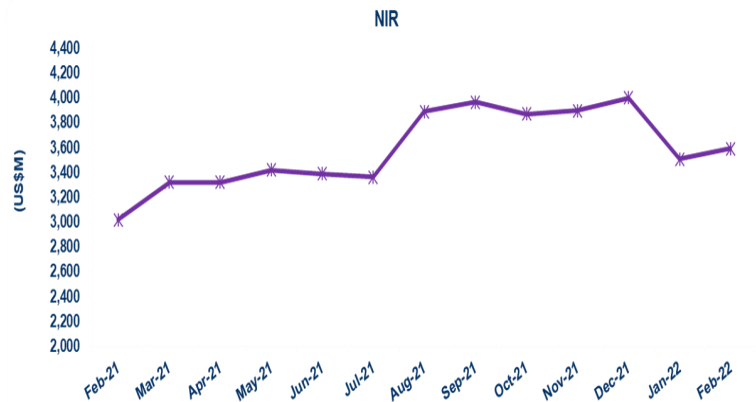


NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica's Net International Reserves as at February 2022 totalled US\$3,589.32 million, reflecting an increase of US\$81.66 million relative to the US\$3507.66 million reported at the end of January 2022.

Foreign Assets totalled US\$4,259.63 million, US\$76.01 million less than the US\$4,335.63 million reported in January 2022. 'Currency & Deposits' as at February 2022, totalled US\$3,728.61 million reflecting a decrease of US\$63.62 million compared to the US\$3,792.23 million reported in January 2022.

'Securities' were valued at US\$330.20 million; US\$6.75 million less than the US\$336.94 million reported in January 2022. The country's 'Special Drawing Rights & IMF Reserve Position' also fell, valuing US\$200.81 million; US\$5.64 million less than the US\$206.46 million reported in January 2022. Liabilities to the IMF sat at US\$670.31 million which reflected a month on month decline of US\$157.67 million in comparison to the US\$827.98 million owed as at for January 2022.



At its current value, the nation's NIR is US\$573.12 million more than the US\$3,016.18 million reported at the end of February 2021. The current reserve can support approximately 46.11 weeks of goods imports and 29.17 weeks of goods and services imports.

