



MONTHLY

ECONOMIC REVIEW

Prepared by: Research Department

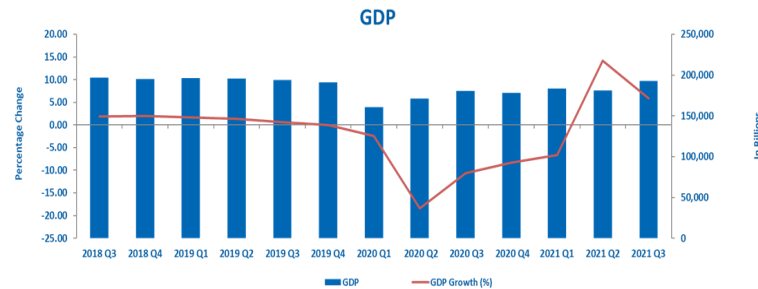
LOCAL ECONOMY

GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica (STATIN), during the fourth quarter of 2021, total value added at constant prices grew by 6.7 per cent when compared to the similar quarter of 2020. This was the result of increases in both the Services and Goods Producing Industries of 9.0 per cent and 0.5 per cent respectively.

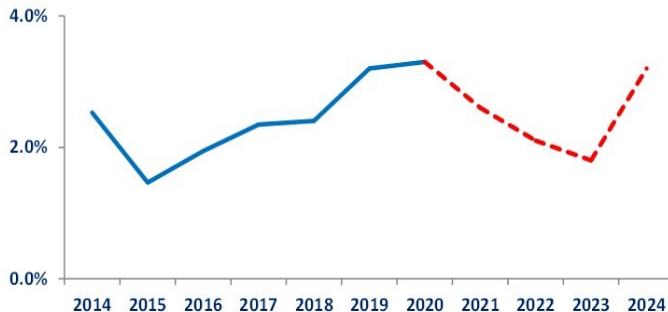
The growth in the Services Industries was the result of increased activities in Hotels & Restaurants (79.5%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (10.6%), Other Services (10.4%), Transport, Storage & Communication (10.1%), Electricity & Water Supply (5.8%), Finance & Insurance Services (2.7%) and Real Estate, Renting & Business Activities (2.1%).

The Goods Producing Industries increased due to higher output levels in Agriculture, Forestry & Fishing (13.8%) and Construction (5.9%). However, there were declines in Mining & Quarrying (60.5%) and Manufacturing (2.2%).



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



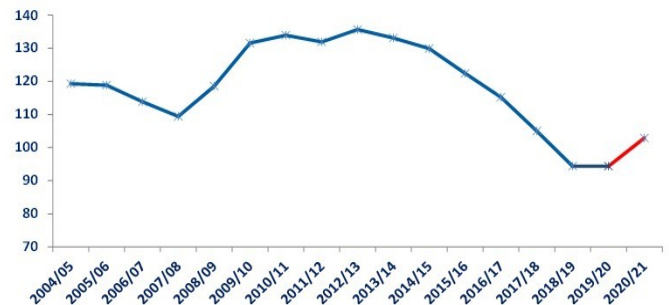
Total Expenditure for the period April 2022 amounted to \$64.45 billion, \$851.10 million less than the budgeted amount of \$65.31 billion. Recurrent expenditure which totalled \$60.44 billion, accounted for 94% of overall expenditures. Under the recurrent expenditure categories for the review period, the category above the budgeted amount was 'Wages and Salaries'. This totalled \$21.47 billion, 0.6% above the budgeted amount of \$21.34 billion.

The categories below the budgeted amount included 'Programmes' which amounted to \$24.46 billion which was \$758.70 million or 3% less than budgeted. Similarly, 'Employee Contribution' totalled \$1.59 billion, which was \$138.10 million below the budgeted amount of \$1.73 billion. 'Interest' totalled \$12.91 billion, 1.6% less than budgeted. Additionally, 'Compensation of Employees' totalled \$23.07 billion, equal to the budgeted amount.

The 'Fiscal Deficit' was \$13.77 billion, relative to a 'Projected Deficit' of \$17.54 billion. Additionally, the 'Primary Deficit Balance' for the period amounted to \$860 million, relative to the 'Budgeted Primary Deficit Balance' of \$4.42 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 December 2021, Jamaica's total debt stood at \$2.22 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 2022/22.

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	April	July	October	Labour force	January Q1	April Q2	July Q3	October Q4
	Q1	Q2	Q3	Q4					
2014	13.4	13.6	13.8	14.2	2014	1,305,500	1,311,100	1,303,700	1,310,200
2015	14.2	13.2	13.1	13.5	2015	1,320,800	1,300,400	1,320,500	1,325,200
2016	13.3	13.7	12.9	12.9	2016	1,342,000	1,353,500	1,363,300	1,355,500
2017	12.7	11.3	11.3	10.4	2017	1,358,300	1,371,600	1,371,200	1,346,800
2018	9.6	9.8	8.4	8.7	2018	1,331,800	1,345,900	1,334,700	1,334,900
2019	8.0	7.8	7.8	7.2	2019	1,340,200	1,349,900	1,360,800	1,345,100
2020	7.3	na	12.6	10.7	2020	1,369,500	na	1,279,600	1,293,600
2021	8.9	9.0	8.5	7.1	2021	1,310,900	1,206,000	1,215,000	1,329,100
2022	6.2				2022	1,257,100			

According to STATIN, as at January 2022, there were 1,257,100 employed persons, an increase of 57,800 (4.8%) over January 2021. the unemployment rate for January 2022 was 6.2 per cent compared to 8.8 per cent for the same quarter of 2021, the lowest unemployment rate in Jamaica's history. In January 2020, before the coronavirus (COVID-19) pandemic, the unemployment rate was 7.3 per cent, there were more employed persons (1,272,700) and an overall larger economically active population (1,372,900) than in January 2022. The unemployment rate for males decreased by 2.7 percentage points from 7.6 per cent to 4.8 per cent. Similarly, the unemployment rate for females declined by 2.5 percentage points from 10.4 per cent to 7.9 per cent.

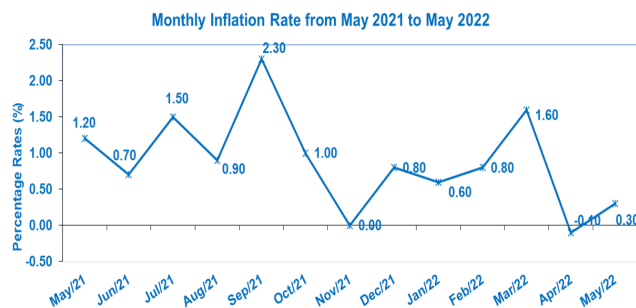
PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry decreased by 1.8% for April 2022", according to the Statistical Institute of Jamaica (STATIN). Additionally there was a decrease of 1.8% in the heavier weighted major group 'Bauxite Mining & Alumina Processing'.

The PPI for the Manufacturing industry increased by 1.6%. The main contributors to this increase were the major groups: 'Refined Petroleum Products' which increased by 6.3%, 'Food, Beverages & Tobacco' up by 0.6% and 'Other Non-Metallic Mineral Products' up by 0.1%.

For the point-to-point period, April 2021 – April 2022, the index for the Mining & Quarrying industry rose by 35.5%. This growth was attributed to an increase of 36.6% in the index for the major group 'Bauxite Mining & Alumina Processing'. The point-to-point index for the Manufacturing industry moved by up 23.4%.



Consumer Price Index:

The All Jamaica Consumer Price Index increased by 0.3 per cent for May 2022. The upward movement was primarily attributable to a 7.7% increase in the index for the 'Restaurants and Accommodation Services' division due to higher prices for items within the class 'Restaurants, cafes and the like'. Also contributing to the rise is the index of the heaviest weighted division 'Food and Non-Alcoholic Beverage.' Notably, the 'Food' index was mainly impacted by the 'Cereals and cereal products' class which had the largest impact with a 2.4% rise in its index due to increases in the price for flour, bread, and rice. While the index for other classes, "Meat and other parts of slaughtered land animals" (1.5%), 'Fish and Seafood' (1.4%) and 'Milk, other dairy products and eggs' (1.1%), registered increases. The growth was tempering by a 2.9% decline in 'Vegetables, tubers, plantains, cooking bananas and pulses'. This was due to lower prices for some agricultural produce, especially vegetables, as a result of an improvement in local supplies.

The index for the 'Alcoholic Beverages, Tobacco & Narcotics' division increased by 1.0% during the month of May. The 'Alcoholic Beverages' sub-division had a 1.1% increase in its index as the price for 'Beer' continued to move upwards. Additionally, 'Tobacco' group saw an increase of 0.8% due to higher cigarette prices increases.

The index for the 'Health' division increased by 0.4% due primarily to the increase in the index for the sub-division, 'Medicines and Health Products' by 0.3%. The increase was due to higher prices in over the counter and prescription drugs.

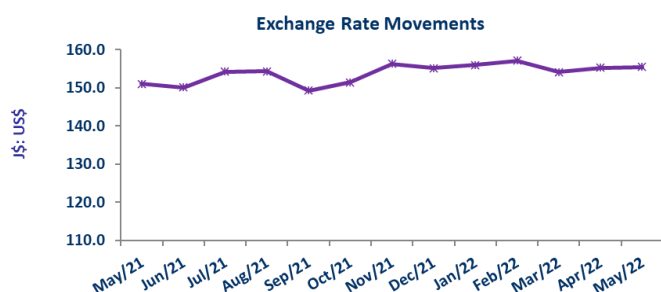
The index for the 'Transport' division increased by 0.8% for the period under review. This was mainly impacted by the rise in petrol prices. The point-to-point inflation rate was 10.9% and the fiscal year-to date inflation rate was 0.3% on May 31, 2022. Additionally, The Greater Kingston Metropolitan Area experienced general growth of 0.3%, the Rural Areas experienced general increased of 0.3% while 'Other Urban Centers' saw general growth of 0.5%.



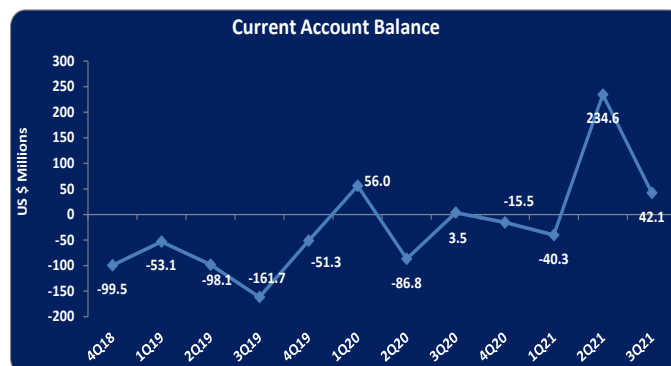
FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of May 2022. The JMD depreciated by \$0.20 in May, to close the month at an average of \$155.48 relative to the \$155.28 recorded in April 2022. Year over year, the JMD has depreciated by approximately \$4.39 or 2.91% relative to the \$151.09 reported as at May 2021.



CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the current account (CA) of Jamaica's balance of payments for the December 2021 quarter amounted to US\$89.8 million (0.6 per cent of GDP), US\$62.8 million higher (worse) than the outturn recorded for the December 2020 quarter. This deterioration was reflected in the goods balance, partially offset by an improvement in the current transfers, services and income sub-accounts.

The CAD is projected to improve, relative to the previous forecast over the medium-term. The CAD is projected to average 0.0 to 1.0 per cent of GDP between FY2024/25 and FY2027/28. The improvement in the CA is mainly due to an increase in travel expenditure on account of an increase in average daily expenditure partially offset by an upward revision to fuel prices.

FOREIGN EXCHANGE MARKET

INTERNATIONAL FOREX

GBP/USD: The pair closed at **\$1.2487** for the month of May. According to FX Empire, "The pair has been in the downtrend for quite some time, hence its is only a matter of time before the 1.20 level is tested, which is an area that may eventually find yet another battle." On the other hand, "it could rally a bit, but the 1.26 level looks to be very difficult to get a bone, especially as the 50 Day EMA is slicing through it and dropping hard."

EUR/USD: For May 2022, the EUR/USD pair closed at \$1.0653 versus \$1.0547 at the start of the month, a 1.01% increase. According to FX empire, "The pair rebounds as German producer prices soar. High Producer Prices will inevitably push consumer prices higher, so the ECB will have to fight inflation. Such expectations are bullish for EUR/USD."

May 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2580	1.3167	1.2156	1.2487
USD/CAD	1.2852	1.3082	1.2607	1.2658
EUR/USD	1.0547	1.0787	1.0350	1.0653
USD/JPY	129.89	131.35	126.36	130.15

The JPY depreciated against the USD during the month of May by 0.20% to close at \$130.15.

MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	Feb-21	Dec-21	Feb-22
Total Money Supply (M2*)	16.8	16.8	14.7
Money Supply (M2J)	16.8	17.1	12.7
Money Supply (M1J)	18.5	18.9	14.5
Currency with the public	23.5	23.3	17.6
Demand Deposits	15.3	15.6	12.2
Quasi Money	15.2	15.3	11.1
Savings Deposits	17.8	17.2	13.7
Time Deposits	5.8	7.5	0.8
Foreign Currency Deposits	16.8	16.4	18.0

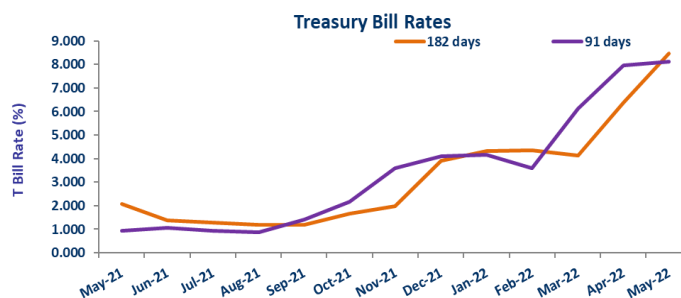
According to the latest data available from the Bank of Jamaica's quarterly report, "The 12.7 per cent expansion in M2J at February 2022 was largely underpinned by growth of 11.5 per cent in local currency deposits, a deceleration relative to the 17.1 per cent recorded at end. December 2021.

Additionally, "The deceleration in the growth in deposits was strongly reflected in savings and demand deposits, which grew by 13.7 per cent and 12.2 per cent, respectively, relative to growth of 17.2 per cent and 15.6 per cent in December 2021. Growth in M2J was also influenced by an increase of 17.6 per cent in currency with the public, relative to growth of 23.3 per cent in December 2021."



Treasury Bills:

For the month of May, applications for treasury bills exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J\$2.20 billion in treasury bills, while applications totaled J\$4.75 billion. J\$1.51 billion for the 91-day bill and J\$1.68 billion for the 182-day bill and \$1.56 billion for the 270-day bill respectively. The 91-day treasury bill auction resulted in the average yield of 8.12%, up 16.67 basis points compared to April 2022, the 182-day treasury bill auction resulted in the average yield of 8.25%, down 20.98 basis points relative to the prior month. The average yields on the 91-day increased by 718.11 basis points compared to the auctions in 2021 for the comparable period. The 182-day treasury bills went up 687.55 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
6-May-22	28 Days	5.00%	N/A	Fixed	3-Jun-22
13-May-22	28 Days	5.00%	N/A	Fixed	10-Jun-22
20-May-22	28 Days	5.00%	N/A	Fixed	17-Jun-22
27-May-22	28 Days	5.50%	N/A	Fixed	24-Jun-22
31-May-22	24 Years	11.25%	N/A	Fixed	25-May-46
31-May-22	3 Years	4.50%	N/A	Fixed	30-May-25

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





TOURISM

Stopover Arrivals by Market Region					
Country	March 2022	Share %	March 2021	Share %	Change %
U.S.A.	161,441	74.8%	71,789	97.5%	124.9%
Canada	24,482	11.3%	257	0.3%	9426.1%
Europe	25,006	11.6%	230	0.3%	10772.2%
Latin America	1,786	0.8%	506	0.7%	253.0%
Caribbean	2,583	1.2%	692	0.9%	273.3%
Asia	234	0.1%	114	0.2%	105.3%
Others	257	0.1%	58	0.1%	343.1%
Total	215,789	100.0%	73,646	100.0%	193.0%

According to the latest data from the Jamaica Tourist Board, stopover arrivals in March 2022 amounted to 215,789 a 193% change when compared to the 73,646 recorded March 2021. Notably arrivals were bolstered by a number of Covid-19 restrictions being relaxed.

Stopover arrivals from the U.S. market total of 161,441 arrivals, there were 71,789 arrivals in March 2021 (see Tourist Arrivals table above).

The Canadian market arrivals amounted to 24,482 relative to the 257 a year prior. While the European market region recorded a total of 25,006 stopover arrivals in March 2022 when compared to the 230 in March 2021. Arrivals from Caribbean totalled 2,583 stopovers in comparison to the 692 in March 2021.



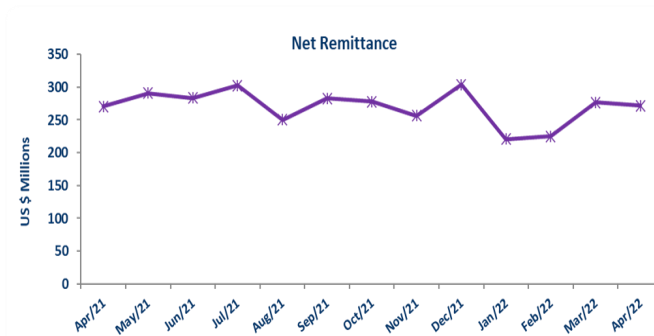
REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for April 2022, showed that total Remittance inflows amounted to US\$288.9 million (2021: US\$289.0 million), while outflows totalled US\$17.3 million (2021: US\$18.3 million).

Net remittances were US\$271.6 million, an increase of US\$0.9 million (0.3%) relative to US\$270.7 million reported for the corresponding month of 2021.

Total remittance inflows from January 2022 to April 2022 amounted to US\$1,082.0 million, which declined by 1% or US\$11.2 million relative to the previous corresponding period.

The largest source market of remittances to the island in April was USA with a share of 70.8% (2021: 72.3%). The remaining remittances during the aforementioned month came from UK (9.7%) followed by Canada (9.9%) and the Cayman Islands (5.9%).



NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica's Net International Reserves as at May 31, 2022 stood at US\$3,757.29 million, reflecting an increase of US\$23.15 million when compared to the US\$3,734.14 million reported at the end of April 2022.

Foreign Assets totalled US\$4,374.91 million, US\$17.44 million more than the US\$4,357.47 million reported in April 2022. 'Currency & Deposits' held by the BOJ as at May 31, 2022 totalled US\$3,848.53 million, reflecting an increase of US\$25.27 million compared to the US\$3,823.26 million reported in April 2022.

'Securities' were now valued at US\$334.78 million; US\$3.76 million less than the US\$338.54 million reported at the end of April 2022. The country's 'Special Drawing Rights & IMF Reserve Position' fell marginally to US\$191.59 million from the US\$195.67 million reported last month. Liabilities to the IMF were reduced by US\$5.71 million to US\$617.61 million against the US\$623.33 million reported at the end of April 2022.

At its current value, the nation's international reserve is \$338.39 million, or 10% more than the \$3,418.90 held by the BOJ on May 31, 2021. The current NIR supports approximately 49.57 weeks of goods imports and 28.51 weeks of goods and services imports.

