



MONTHLY ECONOMIC REVIEW

Prepared by: Research Department

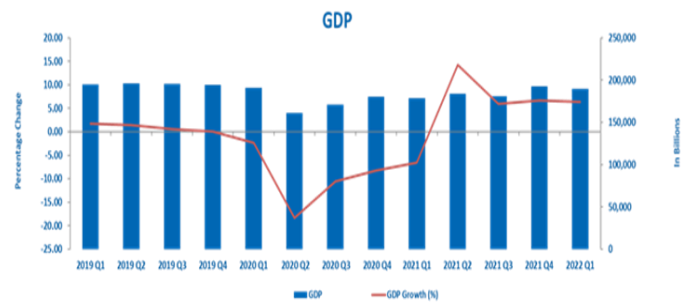
LOCAL ECONOMY

GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica (STATIN), the total value added at constant prices for the Jamaican economy grew by 6.4 per cent in the first quarter of 2022 when compared to the similar quarter of 2021. This was 0.4 per cent higher than the Planning Institute of Jamaica's (PIOJ) estimated growth of 6.0 per cent for the quarter. This was attributed to growth in both the Services and Goods Producing Industries of 8.9 per cent and 0.4 per cent respectively.

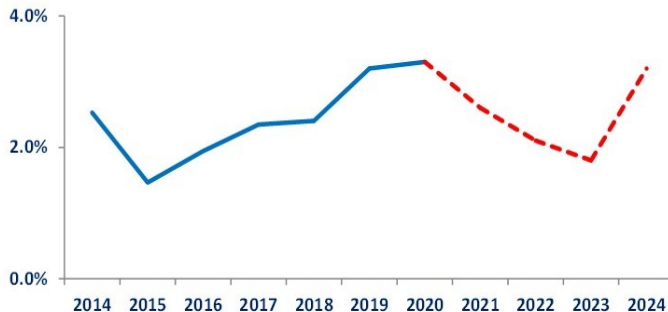
Growth was recorded in all the Services Industries: Hotels & Restaurants (107.1%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (8.8%), Transport, Storage & Communication (8.8%), Other Services (12.4%), Finance & Insurance Services (0.7%), Real Estate, Renting & Business Activities (1.1%), Producers of Government Services (0.4%) and Electricity & Water Supply (1.4%).

Within the Goods Producing Industries, higher output levels were recorded for Agriculture, Forestry & Fishing (8.2%), Manufacturing (4.0%) and Construction (3.5%). However, Mining & Quarrying declined by 60.0 per cent.



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



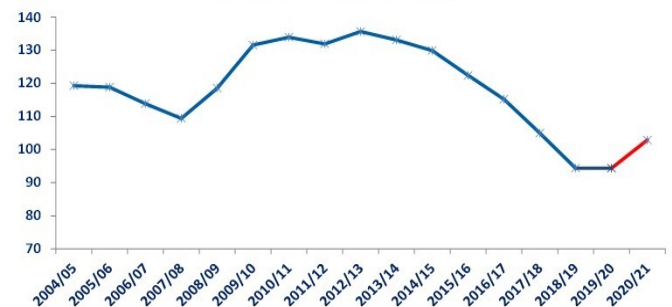
Total Expenditure for the period April to May 2022 amounted to \$117.61 billion, \$957.40 million less than the budgeted amount of \$118.56 billion. Recurrent expenditure which totalled \$108.72 billion, accounted for 92% of overall expenditures. Under the recurrent expenditure categories for the review period, the categories above the budgeted amount were 'Wages and Salaries' and 'Compensation of Employees'. 'Wages and Salaries' totalled \$43.27 billion, 3.7% above the budgeted amount of \$41.71 billion. While 'Compensation of Employees' totalled \$46.35 billion, \$1.26 billion above the budgeted amount.

The categories below the budgeted amount included 'Programmes' which amounted to \$42.01 billion which was \$2.30 billion or 5.2% less than budgeted. Similarly, 'Employee Contribution' totalled \$3.08 billion, which was \$296.90 million below the budgeted amount of \$3.38 billion. 'Interest' totalled \$20.36 billion, 0.9% less than budgeted.

The 'Fiscal Deficit' was \$9.85 billion, relative to a 'Projected Deficit' of \$17.11 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$10.52 billion, relative to the 'Budgeted Primary Surplus Balance' of \$3.44 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.

Looking ahead to 2022/23, real GDP growth is projected to moderate to the range of 2.0 per cent to 4.0 per cent. The Bank expects that this GDP growth will continue to be driven by the services industry, particularly tourism. The forecast also assumes that production at one of Jamaica's main alumina plants, which had been temporarily closed, will resume operations by June 2022.

The growth in tourist arrivals and related activities continued to improve, Jamaica has welcomed 1,117,137 stopover visitors since the start of the year, which has generated just over US\$1.5 billion in earnings. Approximately 3.3 million visitor arrivals and earnings of approximately US\$4 billion are projected by the end of the 2022/23 fiscal year in March 2023.



LABOUR FORCE

Unemployment Rate (%)	January	April	July	October	Labour force	January	April	July	October
	Q1	Q2	Q3	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	6.0			2022	1,257,100	1,269,300		

The Statistical Institute of Jamaica (STATIN) reported that the unemployment rate for April 2022 was 6.0 per cent compared to 9.0 per cent for the same quarter of 2021, the lowest unemployment rate in Jamaica's history. This was 3.0 percentage points lower than the same quarter of the previous year. The male unemployment rate decreased by 2.8 percentage points from 7.5 per cent to 4.7 per cent, while the female unemployment rate declined by 3.3 percentage points from 10.8 per cent to 7.6 per cent. The number of unemployed persons in April 2022 was 81,000, a decrease of 38,400 (32.2%) compared to April 2021. The number of unemployed males decreased by 19,600 (36.7%) to 33,800. Compared to April 2021, there was a decline of 18,800 (28.5%) in the number of unemployed females to 47,200.

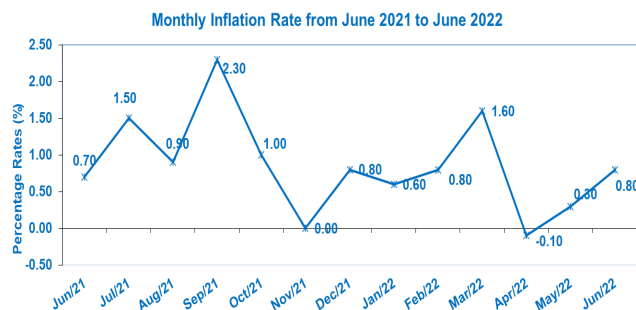
PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry increased by 0.6% for May 2022", according to the Statistical Institute of Jamaica (STATIN). Additionally there was an increase of 0.6% in the heavier weighted major group 'Bauxite Mining & Alumina Processing'.

The PPI for the Manufacturing industry increased by 2.8%. The main contributors to this increase were the major groups: 'Refined Petroleum Products' which increased by 6.0%, 'Food, Beverages & Tobacco' up by 2.2% and 'Chemicals and Chemical Products' up by 4.1%.

For the point-to-point period, May 2021 – May 2022, the index for the Mining & Quarrying industry rose by 21.8%. This growth was attributed to an increase of 22.3% in the index for the major group 'Bauxite Mining & Alumina Processing'. The point-to-point index for the Manufacturing industry moved by up 23.8%.



Consumer Price Index:

The inflation rate for June 2022 was 0.8%, The All Jamaica Consumer Price Index (CPI) increased from 120.9 in May 2022 to 121.8 in June 2022, according to STATIN (The Statistical Institute of Jamaica). The biggest factor contributing to this increase was the division's index for 'Food and Non-Alcoholic Beverages,' which increased by 1.7%.

For the review period, all classes in this division increased, with 'Oils and Fats' (which increased by 2.5%), 'Vegetables, tubers, plantains, cooking bananas, and pulses' (2.2%), 'Cereals and cereal products' (1.9%), and 'Meat and other parts of slaughtered land animals' (1.8%). The index for the 'Transport' division increased by 0.9%, primarily due to increasing gasoline prices. The overall movement of the CPI was however tempered 'Housing, Water, Electricity, Gas and Other Fuels' division's index which fell by 0.5%, which was mostly attributable to a decrease in the prices for sewage, water, and electricity.

All Items saw an increase between June 2021 and June 2022 of 10.9%. This was mostly related to increases in the index for the divisions 'Food and Non-Alcoholic Beverages' (13.7%), 'Transport' (15.6%), and 'Restaurants and Accommodation Services' (22.4%).

Over the review period, the index for the category 'Restaurants and Accommodation Services' increased by 22.4%, mostly as a result of higher pricing for goods in the 'Restaurants, Cafes, and Like' class.

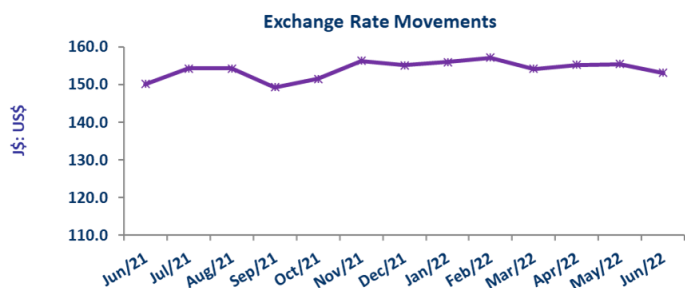
The index for the 'Alcoholic Beverages, Tobacco and Narcotics' division rose by 0.9%. This upward movement resulted mainly from the 1.0% increase in the index for the group 'Alcoholic Beverages', as prices for spirits and liquors, wine and beers continued to rise. The index for the group 'Tobacco' increased by 0.7%. The point-to-point inflation rate for this division was 8.5%.



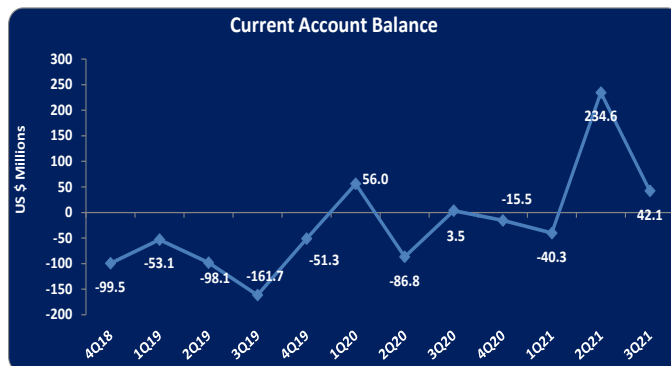
FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of June 2022. The JMD appreciated by \$2.39 in June, to close the month at an average of \$153.09 relative to the \$155.48 recorded in May 2022. Year over year, the JMD has depreciated by approximately \$2.94 or 1.96% relative to the \$150.15 reported as at June 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 **\$1.2100** for the month of June. According to FX Empire, "It is only a matter of time before we see significant selling pressure, to continue the overall downward trajectory. The whole idea behind the British pound rallying is from an oversold condition, which has some merit, but can only last for so long. With this in mind short-term rallies will continue to be faded going forward."

EUR/USD: For June 2022, the EUR/USD pair closed at \$1.0429 versus \$1.0653 at the start of the month, a 2.10% decline. According to FX Empire, "The 1.02 level continues to be an area of interest, so if there is pull back from here it's likely to break down a bit and look toward that parity level yet again. Ultimately, the market is going to continue to be very noisy, as there are a lot of moving pieces when it comes to the European Union, not the least of which is whether or not there's going to be enough power."

June 1-30				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2486	1.2614	1.1934	1.2100
USD/CAD	1.2658	1.3084	1.2518	1.2892
EUR/USD	1.0653	1.0774	1.0327	1.0429
USD/JPY	130.15	137.00	129.51	135.23

The JPY depreciated against the USD during the month of June by 3.90% to close at \$135.23.

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

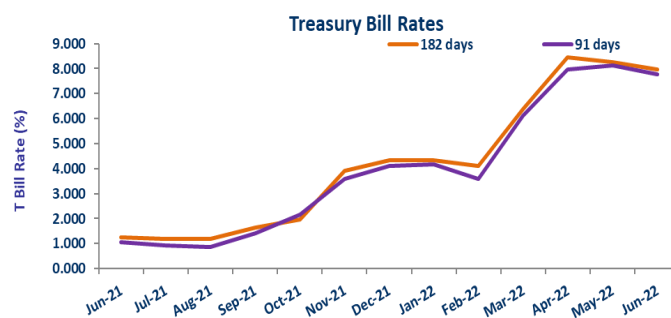
According to the latest data available from the Bank of Jamaica's quarterly report, "The 12.7 per cent expansion in M2J at February 2022 was largely underpinned by growth of 11.5 per cent in local currency deposits, a deceleration relative to the 17.1 per cent recorded at end. December 2021.

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 June, applications for treasury bills exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J\$1.40 billion in treasury bills, while applications totaled J\$4.13 billion. J\$2.49 billion for the 91-day bill and J\$1.65 billion for the 182-day bill respectively. The 91-day treasury bill auction resulted in the average yield of 7.78%, down 34.74 basis points compared to May 2022, the 182-day treasury bill auction resulted in the average yield of 7.96%, down 28.90 basis points relative to the prior month. The average yields on the 91-day increased by 672.53 basis points compared to the auctions in 2021 for the comparable period. The 182-day treasury bills went up 669.26 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-Jun-22	28 Days	5.50%	N/A	Fixed	1-Jul-22
10-Jun-22	28 Days	5.50%	N/A	Fixed	8-Jul-22
17-Jun-22	28 Days	5.50%	N/A	Fixed	15-Jul-22
24-Jun-22	28 Days	5.50%	N/A	Fixed	22-Jul-22

The Bank of Jamaica issued four 28 Days Certificate of Deposit in the month of June.





TOURISM

Stopover Arrivals by Market Region					
Country	April 2022	Share %	April 2021	Share %	Change %
U.S.A.	165,074	74.1%	81,114	98.1%	103.5%
Canada	27,249	12.2%	265	0.3%	10182.6%
Europe	23,779	10.7%	228	0.3%	10329.4%
Latin America	1,841	0.8%	263	0.3%	600.0%
Caribbean	4,325	1.9%	667	0.8%	548.4%
Asia	199	0.1%	92	0.1%	116.3%
Others	348	0.2%	73	0.1%	376.7%
Total	222,815	100.0%	82,702	100.0%	169.4%

According to the latest data from the Jamaica Tourist Board, stopover arrivals in April 2022 amounted to 222,815 a 169% change when compared to the 82,702 recorded April 2021. Notably arrivals were bolstered by a number of Covid-19 restrictions being relaxed.

Stopover arrivals from the U.S. market total of 165,074 arrivals, there were 81,114 arrivals in April 2021 (see Tourist Arrivals table above).

The Canadian market arrivals amounted to 27,249 relative to the 265 a year prior. While the European market region recorded a total of 23,779 stopover arrivals in April 2022 when compared to the 228 in April 2021. Arrivals from Caribbean totalled 4,325 stopovers in comparison to the 667 in April 2021.



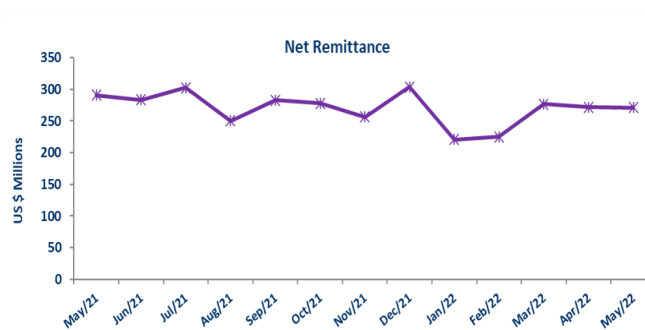
REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for May 2022, showed that total Remittance inflows amounted to US\$283.4 million (2021: US\$308.5 million), while outflows totalled US\$12.3 million (2021: US\$17.8 million).

Net remittances were US\$271.2 million, a decrease of US\$19.5 million (6.7%) relative to US\$290.7 million reported for the corresponding month of 2021.

Total remittance inflows from January 2022 to May 2022 amounted to US\$1,365.5 million, which declined by 2.6% or US\$36.3 million relative to the previous corresponding period.

The largest source market of remittances to the island in May was USA with a share of 70.7% (2021: 69.7%). The remaining remittances during the aforementioned month came from UK (9.4%) followed by Canada (10.3%) and the Cayman Islands (5.9%).



NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica’s Net International Reserves as at June 30, 2022 stood at US\$3,804.75 million, reflecting an increase of US\$47.45 million when compared to the US\$3,757.29 million reported at the end of May 2022.

Foreign Assets totalled US\$4,389.91 million, US\$15.00 million more than the US\$4,374.91 million reported in May 2022. ‘Currency & Deposits’ held by the BOJ as at June 30, 2022 totalled US\$3,886.23 million, reflecting an increase of US\$37.70 million compared to the US\$3,848.53 million reported in May 2022.

‘Securities’ were valued at US\$315.85 million; US\$18.94 million less than the US\$334.78 million reported at the end of May 2022. The country’s ‘Special Drawing Rights & IMF Reserve Position’ fell marginally to US\$187.84 million from the US\$191.59 million reported last month. Liabilities to the IMF were reduced by US\$32.45 million to US\$585.17 million against the US\$617.61 million reported at the end of May 2022.

At its current value, the nation’s international reserve is \$416.04 million, or 12% more than the \$3,388.70 million held by the BOJ on June 30, 2021. The current NIR supports approximately 36.11 weeks of goods imports and 24.49 weeks of goods and services imports.

