



MAYBERRY
INVESTMENTS LIMITED

MONTHLY

ECONOMIC REVIEW

Prepared by: Research Department

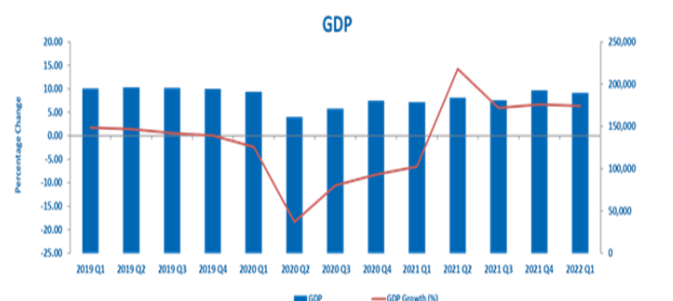
LOCAL ECONOMY

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.

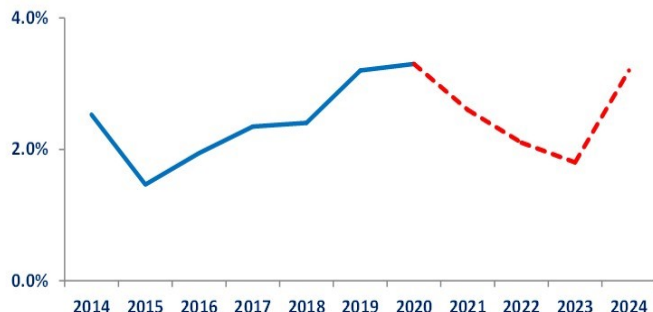
Growth was recorded in all the Services Industries: Hotels & Restaurants (107.1%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (8.8%), Transport, Storage & Communication (8.8%), Other Services (12.4%), Finance & Insurance Services (0.7%), Real Estate, Renting & Business Activities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



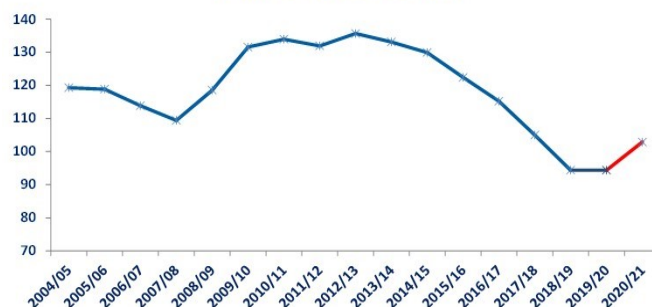
Total Expenditure for the period April to July 2022 amounted to \$236.41 billion, \$1.35 billion less than the budgeted amount of \$237.75 billion. Recurrent expenditure which totalled \$219.96 billion, accounted for 93% of overall expenditures. Under the recurrent expenditure categories for the review period, the category above the budgeted amount was 'Interest', this totalled \$45.01 billion, \$656.0 million above the budgeted amount.

The categories below the budgeted amount included 'Programmes' which amounted to \$86.05 billion which was \$563.40 million or 0.7% less than budgeted. Similarly, 'Employee Contribution' totalled \$5.98 billion, which was \$642.90 million below the budgeted amount of \$6.63 billion. 'Compensation of Employees' totalled \$88.90 billion, 0.8% less than budgeted. Lastly 'Wages and Salaries' totalled \$82.92 billion, 0.1% below the budgeted amount of \$82.99 billion.

The 'Fiscal Deficit' was \$301 million, relative to a 'Projected Deficit' of \$23.31 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$44.71 billion, relative to the 'Budgeted Primary Surplus Balance' of \$21.05 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 June 2022, Jamaica's total debt stood at \$2.17 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.

Jamaica's tourism earnings are expected to be "significantly higher" this year, exceeding pre-COVID-19 levels. 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 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	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 decreased by 1.4% for July 2022", according to the Statistical Institute of Jamaica (STATIN). The main contributor to this movement was a 1.5% decline in the index for the major group 'Bauxite Mining & Alumina Processing'

The PPI for the Manufacturing industry fell by 0.8%. The main contributors to this increase were the major groups: 'Refined Petroleum Products' which decreased by 4.5%, this was however tempered by an increase in 'Food, Beverages & Tobacco' up by 0.2% and "Wood, Wood Products and Furniture" up by 3.1%.

For the point-to-point period, July 2021 – July 2022, the index for the Mining & Quarrying industry rose by 5.9%. This growth was attributed to an increase of 5.8% in the index for the major group 'Bauxite Mining & Alumina Processing'. The point-to-point index for the Manufacturing industry moved up by 20.8%.

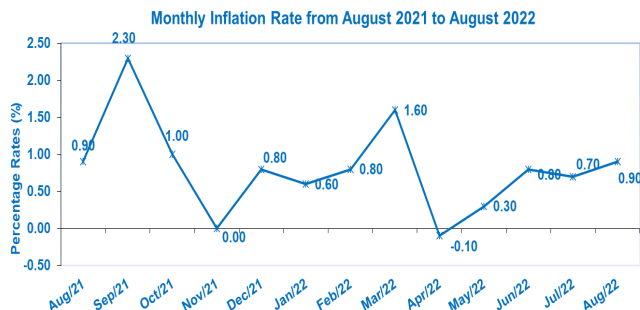
Consumer Price Index:

The Statistical Institute of Jamaica (STATIN) reported that the All-Jamaica Consumer Price Index (CPI) increased from 122.7 in July 2022 to 123.8 in August 2022. Consequently, the inflation rate for August 2022 was 0.9%. 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, classes in this division that recorded increases were 'Vegetables, tubers, plantains, cooking bananas and pulses' (5.1%), 'Cereals and cereal products' (1.5%), and 'Meat and other parts of slaughtered land animals' (0.9%). The index for 'Housing, Water, Electricity, Gas and Other Fuels' division increased by 0.4% mainly because of higher electricity rates. The 'Recreation, Sport and Culture' division increased by 0.8%, primarily due to increased costs for textbooks for the review period.

All Items saw an increase between August 2021 and August 2022 of 10.2%. This was mostly related to increases in the index for the divisions 'Food and Non-Alcoholic Beverages' (12.6%), 'Transport' (15.0%), and 'Restaurants and Accommodation Services' (19.3%).

The index for the 'Health' division increased by 0.4% for August 2022. This was due primarily to the 0.4% increase in the index for the group 'Medicines and Health Products' influenced by increased prices for some over the counter and prescription drugs. The index for the 'Outpatient Care Services' group rose by 0.7% as a result of increased fees for some general practitioners and dental services.

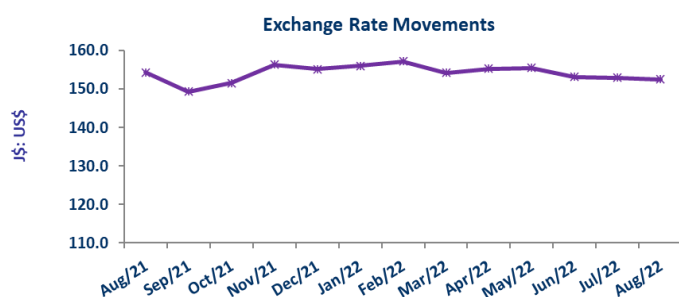
The index for the 'Restaurants and Accommodation Services' division increased by 0.4% for August 2022. This movement was mainly impacted by a 0.4% increase in the index for the group 'Food and Beverage Serving Services'. However, the index for the group 'Accommodation Services' declined by 2.4%.



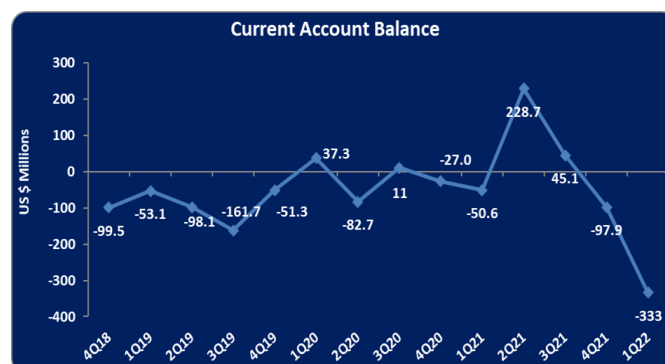
FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaica dollar appreciated against the USD for the month of August 2022. The JMD appreciated by \$0.46 in August, to close the month at an average of \$152.43 relative to the \$152.89 recorded in July 2022. Year over year, the JMD has appreciated by approximately 1.90% and appreciated 2.29% Year to date.



CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the current account deficit (CAD) of Jamaica's balance of payments for the March 2022 quarter is estimated at US\$333.1 million (2.2 per cent of GDP), US\$282.5 million higher (worse) than the out-turn recorded for the December 2021 quarter. This deterioration was reflected in the merchandise trade balance, income sub-account and current transfers, partially offset by an improvement in the services sub-account.

The CAD is projected to deteriorate, relative to the previous forecast over the medium-term. The CAD is projected to average 1.0 to 2.0 per cent of GDP between FY2024/25 and FY2027/28. The deterioration in the CA is mainly due to a downward revision to alumina prices.

FOREIGN EXCHANGE MARKET

INTERNATIONAL FOREX

GBP/USD: The pair closed at **\$1.1541** for the month of August. According to FX Empire, "The retail sales number they came out of the United States shows that the Federal Reserve will continue to have to be very hawkish, and therefore the US dollar will more likely than not continue to gain. That being said, the 1.15 level is a major barrier to overcome."

EUR/USD: For August 2022, the EUR/USD pair closed at **\$0.9946** versus \$1.0260 at the start of the month, a 3.06% decline. According to FX empire, "The Euro continues to look very threatened, as it gave up gain rather quickly during the last trading session to slice through the parity level yet again. By doing so, it shows just how threatened this market is. If the Federal Reserve remains very aggressive, it's likely that we have a situation where the Euro will get pummelled."

August 1-31				
Currency Pair	Open	High	Low	Close
GBP/USD	1.2253	1.2283	1.1499	1.1541
USD/CAD	1.2841	1.3208	1.2705	1.3155
EUR/USD	1.0260	1.0369	0.9900	0.9946
USD/JPY	131.67	140.24	130.40	140.22

The JPY depreciated against the USD during the month of August by 6.50% to close at \$140.22.

MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	May-21	Mar-22	May-22
Total Money Supply (M2*)	16.00	15.10	13.30
Money Supply (M2J)	17.90	11.00	9.60
Money Supply (M1J)	18.90	12.00	10.50
Currency with the public	19.00	16.90	11.00
Demand Deposits	18.90	8.50	10.10
Quasi Money	17.00	10.10	8.80
Savings Deposits	17.30	14.40	11.10
Time Deposits	15.60	-7.30	-0.60
Foreign Currency Deposits	12.70	22.50	19.80

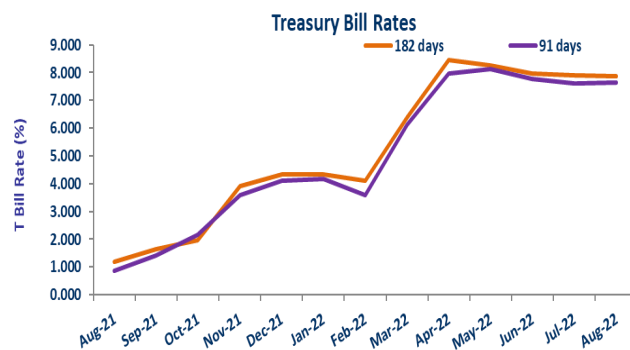
According to the latest data available from the Bank of Jamaica's quarterly report, "M2J expanded by 9.6 per cent at May 2022 largely underpinned by growth of 9.3 per cent in local currency deposits. This represented a deceleration in growth relative to the increase of 9.5 per cent recorded at end-March 2022."

Additionally, "M2J is projected to expand at an average annual rate of 7.7 per cent over the next eight quarters, below the previous projection of 9.6 per cent. The pace of broad money growth is anticipated to reflect expansions primarily in local currency deposits as well as currency in circulation over the near term."



Treasury Bills:

For the month of August, 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\$6.28 billion; J\$1.82 billion for the 91-days bill, J\$2.37 billion for the 182-days bill and \$2.10 billion 270-days respectively. The 91-day treasury bill auction resulted in the average yield of 7.64%, up 2.14 basis points compared to July 2022, the 182-day treasury bill auction resulted in the average yield of 7.86%, down 2.84 basis points relative to the prior month. The average yields on the 91-day increased by 676.65 basis points compared to the auctions in 2021 for the comparable period. The 182-day treasury bills went up 665.62 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
5-Aug-22	28 Days	6.00%	N/A	Fixed	2-Sep-22
12-Aug-22	28 Days	6.00%	N/A	Fixed	9-Sep-22
12-Aug-22	2.67 Years	4.50%	N/A	Fixed	27-Apr-25
12-Aug-22	9.25 Years	9.63%	N/A	Fixed	21-Nov-31
12-Aug-22	14.75 Years	10.00%	N/A	Fixed	8-May-37
19-Aug-22	28 Days	6.00%	N/A	Fixed	16-Sep-22
25-Aug-22	2 Years	7.50%	N/A	Fixed	26-Aug-24
26-Aug-22	28 Days	6.50%	N/A	Fixed	23-Sep-22

The Bank of Jamaica issued four 28 Days Certificate of Deposit and four Benchmark Investment Note in the month of August.





TOURISM

Stopover Arrivals by Market Region					
Country	June 2022	Share %	June 2021	Share %	Change %
U.S.A.	187,730	80.5%	157,472	94.8%	19.2%
Canada	17,014	7.3%	1,777	1.1%	857.5%
Europe	22,016	9.4%	4,704	2.8%	368.0%
Latin America	1,779	0.8%	424	0.3%	319.6%
Caribbean	4,101	1.8%	1,401	0.8%	192.7%
Asia	292	0.1%	144	0.1%	102.8%
Others	337	0.1%	124	0.1%	171.8%
Total	233,269	100.0%	166,046	100.0%	40.5%

According to the latest data from the Jamaica Tourist Board, stopover arrivals in June 2022 amounted to 233,269 a 40.5% change when compared to the 166,046 recorded June 2021. Notably arrivals were bolstered by Covid-19 restrictions being relaxed.

Stopover arrivals from the U.S. market total of 187,730 arrivals, there were 157,472 arrivals in June 2021 (see Tourist Arrivals table above).

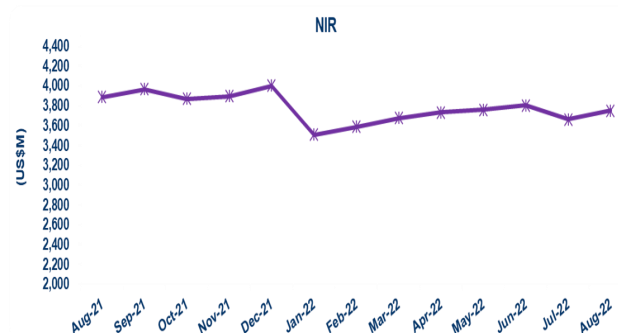
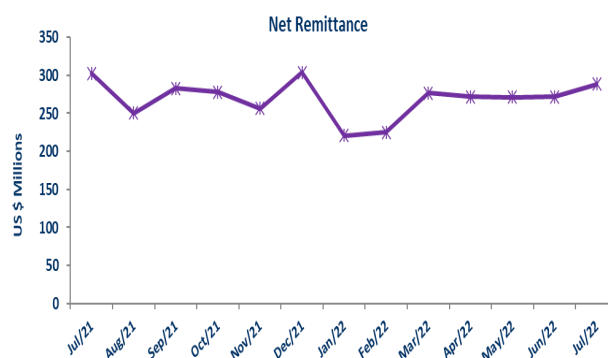
The Canadian market arrivals amounted to 17,014 relative to the 1,777 a year prior. While the European market region recorded a total of 22,016 stopover arrivals in June 2022 when compared to the 4,704 in June 2021. Arrivals from Caribbean totalled 4,101 stopovers in comparison to the 1,401 in June 2021.

REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for July 2022, showed that total Remittance inflows amounted to US\$305.5 million (2021: US\$323.6 million), while outflows totalled US\$17.5 million (2021: US\$21.2 million).

Net remittances were US\$288.0 million, a decrease of US\$14.4 million (4.7%) relative to US\$302.4 million reported for the corresponding month of 2021.

Total remittance inflows from January 2022 to July 2022 amounted to US\$1,166.2 million. The largest source market of remittances to the island in July was USA with a share of 70.2% (2021: 70.4%). The remaining remittances during the aforementioned month came from UK (9.3%) followed by Canada (11.3%) and the Cayman Islands (5.6%).



NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica's Net International Reserves as at August 31, 2022 stood at US\$3,750.81 million, reflecting an increase of US\$90.26 million when compared to the US\$3,660.55 million reported at the end of July 2022.

Foreign Assets totalled US\$4,321.15 million, US\$77.78 million more than the US\$4,243.37 million reported in July 2022. 'Currency & Deposits' held by the BOJ as at August 31, 2022 totalled US\$2,589.80 million, reflecting a decrease of US\$183.76 million compared to the US\$2,773.56 million reported in July 2022.

'Securities' were valued at US\$1,549.42 million; US\$269.80 million more than the US\$1,279.61 million reported at the end of July 2022. The country's 'Special Drawing Rights & IMF Reserve Position' fell to US\$181.94 million from the US\$190.20 million reported last month. Liabilities to the IMF were reduced by US\$12.48 million to US\$570.34 million against the US\$582.82 million reported at the end of July 2022.

At its current value, the nation's international reserve is US\$137.86 million, or 4% less than the US\$3,888.67 million held by the BOJ on August 31, 2021. The current NIR supports approximately 36.08 weeks of goods imports and 24.04 weeks of goods and services imports.

