



MONTHLY ECONOMIC REVIEW

Prepared by: Research Department



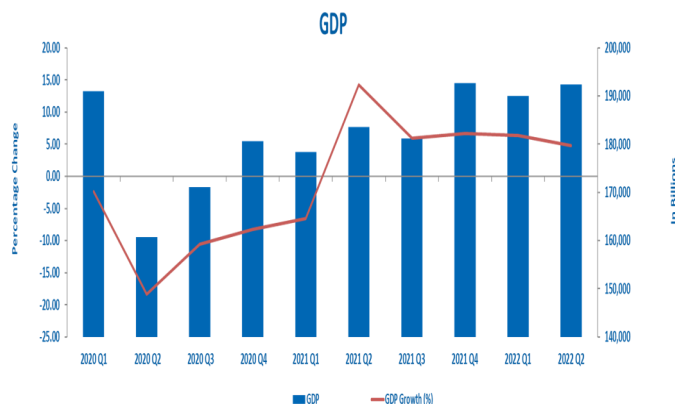
GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica (STATIN), Jamaica's economy expands 4.8% in Q2 2022.

Jamaica's GDP rose 4.8% in Q2 2022 compared to Q2 2021, as the Services Industries added 7.2% more value at constant pricing relative to Q2 2021's output. The Goods Producing Industries' value added fell 2%. Revocation of the Disaster Risk Management Order, expiration of the COVID-19 pre-test requirement for travel on April 15, 2022, and reopening of the entertainment industry helped the economy.

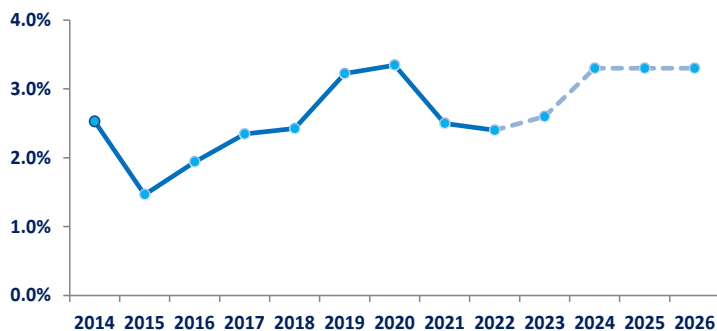
Hotels & Restaurants (56%) Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (7.5%) Transport, Storage & Communication (5.7%) Other Services (9.8%) Finance & Insurance Services (1.1%) Real Estate, Renting & Business Activities (2.1%) Producers of Government Services (0.4%) Electricity & Water Supply (2%).

Mining & Quarrying (62.5% of the drop) and Construction (5.2%) also contributed. Agriculture, Forestry & Fishing and manufacturing expanded by 6.3% and 5.6%, respectively.



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



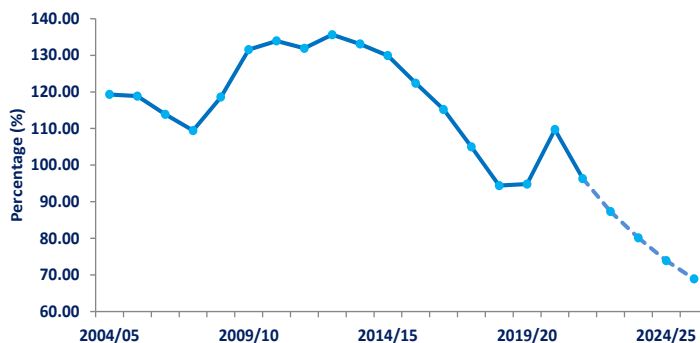
Total Expenditure for the period April to September 2022 amounted to \$357.05 billion, \$11.67 billion less than the budgeted amount of \$368.73 billion. Recurrent expenditure which totalled \$332.76 billion, accounted for 93% of overall expenditures. Under the recurrent expenditure categories for the review period, the categories above the budgeted amount were 'Interest' and 'Programmes'. Interest totalled \$71.69 billion, \$2.24 billion above the budgeted amount. While 'Programmes' amounted to \$128.12 billion which was \$269.5 million or 0.2% more than budgeted.

The categories below the budgeted amount included 'Compensation of Employees' which amounted to \$132.96 billion which was \$11.84 billion or 8.2% less than budgeted. Similarly, 'Employee Contribution' totalled \$8.96 billion, which was \$1.74 billion below the budgeted amount of \$10.70 billion. Lastly 'Wages and Salaries' totalled \$124 billion, 7.5% below the budgeted amount of \$134.10 billion

The 'Fiscal Surplus' was \$14.94 billion, relative to a 'Projected Deficit' of \$37.16 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$86.62 billion, relative to the 'Budgeted Primary Surplus Balance' of \$32.29 billion.

DEBT TO GDP

Total Debt to GDP (%)



The debt-to-GDP is projected to be 96.3% at end-FY2021/22, representing a 13.4 percentage point reduction over the output at end-March 2021. As at August 2022, Jamaica's total debt stood at \$2.18 trillion.

At end-December 2021, the stock of Public Debt outstanding was \$2,216,476.9mn, 3.7% more than at end-March 2021. The year over year change in the total public debt stock was an increase of 6.9%. Overall, the change reflected an increase in Central Government with partially offsetting reductions in net public bodies' debt, over the period.

Economic improvements have been forecasted for FY 2022/23 and the medium term, and the public debt-to-GDP ratio is solidly back on a downward trajectory. Notwithstanding, it is imperative that the Government maintains its steadfast commitment to the principles of sound fiscal governance in order to remain on target to achieve the principal objective of a debt-to-GDP ratio of 60.0%, or less, by end-FY 2027/28.

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	6.6		2022	1,257,100	1,269,300	1,268,000	

The Statistical Institute of Jamaica (STATIN) reported that the unemployment rate was 6.6 per cent in July 2022, 1.9 percentage points lower than in July of the previous year. There were 1,268,000 employed persons, an increase of 53,000 compared to the similar quarter of 2021. There were 42,000 more employed females, representing 79.2 per cent of the total increase in employment. More females were employed in the occupation group 'Service Workers and Shop and Market Sales Workers' and the industry group 'Real Estate and Other Business Services'.

PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

Producer Price Index:

Mining and quarrying output prices fell 0.1% in September 2022, while manufacturing prices down 0.4%.

The index for Mining and Quarrying fell 0.1% due to a drop in Bauxite Mining & Alumina Processing. This fall was caused by the Jamaican dollar's appreciation against the U.S. dollar.

Refined Petroleum Products contributed 4.0% to the drop in the Manufacturing index. Chemical and Chemical Products (3.6%) and Fabricated Metal Products (excl. Machinery & Equipment) (5.4%) softened the industry's movement.

Mining & Quarrying index climbed 2.8% from September 2021 to September 2022. Manufacturing's index rose 18.9% over the same period. Refined Petroleum Products (43.8%), Food, Beverages & Tobacco (14.4%), and Chemical and Chemical Products (12.2%) drove the Manufacturing industry.

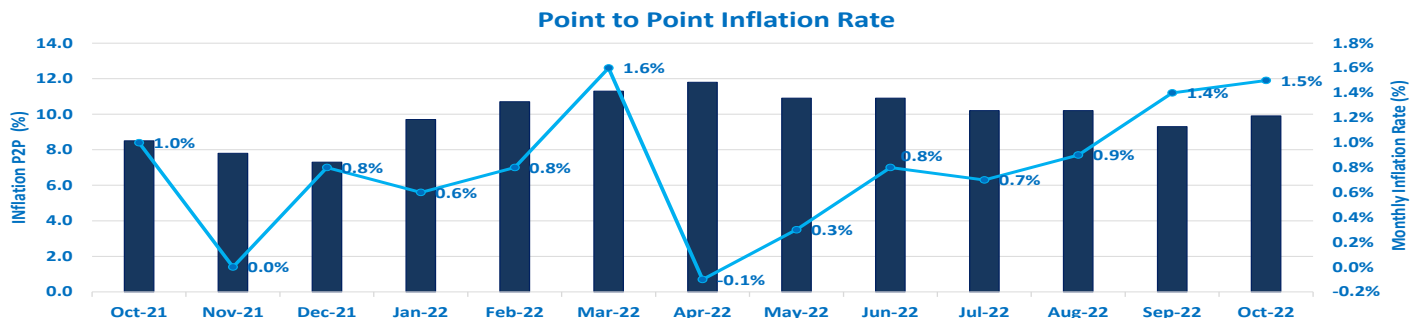
Consumer Price Index:

The Statistical Institute of Jamaica (STATIN) reported that the All-Jamaica Consumer Price Index (CPI) increased by 9.9% for October 2021 to October 2022. Consequently, the inflation rate for October 2022 was 1.5%. The main driver of this growth was a 3.4% increase in the index for the division 'Housing, Water, Electricity, Gas, and Other Fuels', which was primarily driven by an 8.8% increase in the group 'Electricity, Gas, and Other Fuels'. The increase in this group's index was largely attributed to the Office of Utilities Regulation (OUR) approving an increase in electricity rate for the Jamaica Public Service Company Limited, which was reflected in customers' bills in October 2022.

For the review period, the other contributor to the increase in the inflation rate was the 'Food and Non-Alcoholic Beverages' division tempered by the decline in the 'Transport' division. The main class in the 'Food and Non-Alcoholic Beverages' division that recorded an increase was 'Vegetables, tubers, plantains, cooking bananas and pulses' (7.1%). The 'Transport' division declined by 0.3%, primarily due to lower costs for petrol.

All Items saw an increase between October 2021 and October 2022 of 9.9%. This was mostly related to increases in the index for the divisions 'Food and Non-Alcoholic Beverages' (10.1%), 'Housing, Water, Electricity, Gas and Fuels' (12.7%), and 'Restaurants and Accommodation Services' (20.5%).

The point-to-point inflation rate was 9.9%, while that for the fiscal year-to-date was 5.8%.

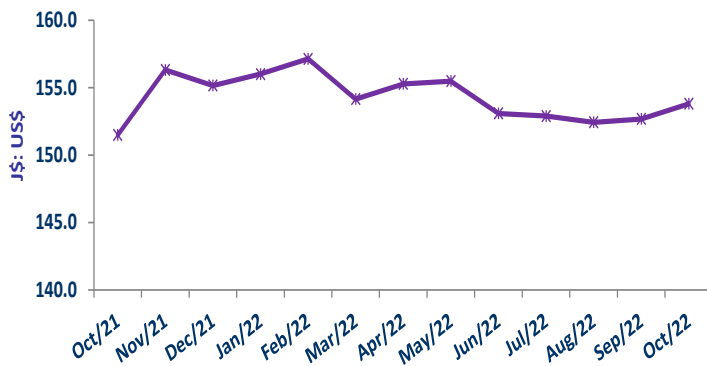


FOREIGN EXCHANGE MARKET

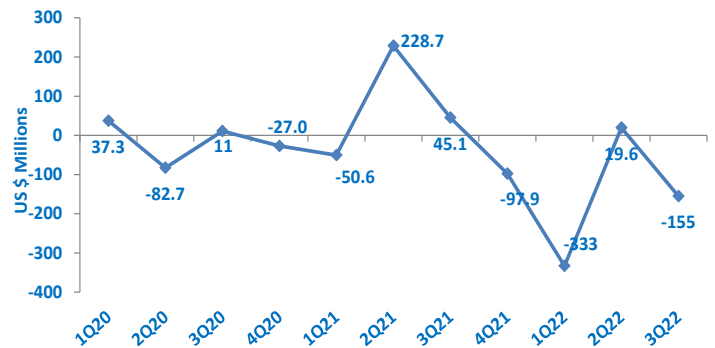
LOCAL FOREX

The Jamaica dollar appreciated against the USD for the month of October 2022. The JMD depreciated by \$1.13 in October, to close the month at an average of \$153.81 relative to the \$152.68 recorded in September 2022. Year over year, the JMD has depreciated by approximately 2.32% and appreciated 0.08% Year to date.

Exchange Rate Movements



CURRENT ACCOUNT BALANCE



The September 2022 current account deficit is expected to be US\$144.0 million (0.8% of GDP) according to BOJ, US\$189.0 million worse than the September 2021 quarter.

The current account deficit of the balance of payments (BOP) is predicted to improve to 0.0% to 1.0% of GDP in FY2022/23 from 1.2% in FY2021/22. This improvement is due to higher travel-related expenses and reduced investment income outflows, somewhat compensated by higher imports and lower remittance inflows. The CAD is predicted to worsen by 1% to 2% of GDP in FY2023/24 before improving over the medium term.



FOREIGN EXCHANGE MARKET

INTERNATIONAL FOREX

GBP/USD: The pair closed at **\$1.1486** for the month of October. According to FX Empire, "The Bank of England consumer credit report for October will draw interest. The areas of interest will include net lending to individuals, mortgage lending, mortgage approvals, and money supply. While the stats tend to have a limited impact on the Pound, a sharp increase could draw market interest. "

EUR/USD: For October 2022, the EUR/USD pair closed at **\$0.9876** versus \$0.9797 at the start of the month, a 0.82% decline. According to FX empire, "European Central Bank may dramatically pivot from its current monetary policy to include larger rate hikes in the upcoming months to try to curtail spiralling inflation in Europe... If the rates spread out even further, that will add more downward pressure in a market that is already very negative ."

Currency Pair	Open	High	Low	Close
GBP/USD	\$1.13	\$1.16	\$1.10	\$1.15
USD/CAD	\$1.36	\$1.39	\$1.35	\$1.36
EUR/USD	\$0.98	\$1.01	\$0.97	\$0.99
USD/JPY	\$144.55	\$150.15	\$144.13	\$148.71

The JPY depreciated against the USD during the month of October by 2.39% to close at \$148.241

MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	Aug-22	Jun-22	Aug-22
Total Money Supply (M2*)	12.60	12.00	8.80
Money Supply (M2J)	13.10	9.50	7.70
Money Supply (M1J)	11.90	10.60	7.80
Currency with the public	18.10	11.20	5.80
Demand Deposits	7.60	10.10	9.20
Quasi Money	14.30	8.60	7.70
Savings Deposits	17.40	10.80	7.30
Time Deposits	2.20	-0.70	9.60
Foreign Currency Deposits	11.70	16.20	10.80

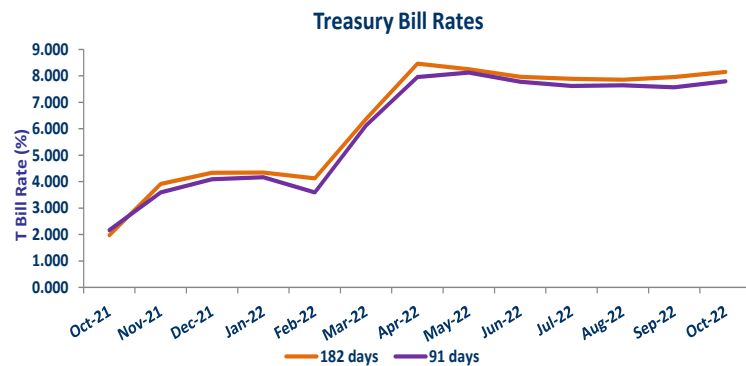
According to the latest data available from the Bank of Jamaica's quarterly report, "M2J grew 7.7% in August 2022, driven by 8.2% growth in local currency deposits. This is a growth rise from end-June 2022's 9.5%. Time, demand, and savings deposits climbed by 9.6%, 9.2%, and 7.3%, respectively, compared to 0.7% and 10.1% and 10.8% in June 2022. M2J grew due to an 8.2% increase in local currency deposits, compared to 9.1% in June 2022.

Additionally, "M2J is expected to grow 7.7% annually during the next eight quarters, the same as before. The pace of broad money growth is expected to mirror near-term increases in currency in circulation, as remittances continue stronger than expected."



Treasury Bills:

For the month of October, 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\$4.16 billion; J\$1.22 billion for the 91-days bill, J\$1.29 billion for the 182-days and J\$1.66 billion for the 270-days bill respectively. The 91-day treasury bill auction resulted in the average yield of 7.79%, up 22.56 basis points compared to September 2022, the 182-day treasury bill auction resulted in the average yield of 8.15%, up 19.53 basis points relative to the prior month. The average yields on the 91-day increased by 562.82 basis points compared to the auctions in 2021 for the comparable period. The 182-day treasury bills went up 617.81 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
7-Oct-22	28 Days	7.00%	N/A	Fixed	4-Nov-22
14-Oct-22	28 Days	7.00%	N/A	Fixed	11-Nov-22
21-Oct-22	28 Days	7.00%	N/A	Fixed	18-Nov-22
28-Oct-22	28 Days	700.00%	N/A	Fixed	25-Nov-22

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





TOURISM

Stopover Arrivals by Market Region					
Country	August 2022	Share %	August 2021	Share %	Change %
U.S.A.	166,246	76.0%	130,187	84.8%	27.7%
Canada	20,761	9.5%	6,609	4.3%	214.1%
Europe	24,127	11.0%	13,771	9.0%	75.2%
Latin America	1,715	463.0%	463	0.3%	270.4%
Caribbean	5,373	2.5%	2,209	1.4%	143.2%
Asia	273	0.1%	154	0.1%	77.3%
Others	354	0.2%	167	0.1%	112.0%
Total	218,849	100.0%	153,560	100.0%	42.5%

According to the latest data from the Jamaica Tourist Board, stopover arrivals in August 2022 amounted to 218,849 a 42.5% change when compared to the 153,560 recorded August 2021. Notably arrivals were bolstered by Covid-19 restrictions being relaxed.

Stopover arrivals from the U.S. market total of 166,246 arrivals, there were 130,187 arrivals in August 2021 (see Tourist Arrivals table above).

The Canadian market arrivals amounted to 20,761 relative to the 6,609 a year prior. While the European market region recorded a total of 24,127 stopover arrivals in August 2022 when compared to the 13,771 in August 2021. Arrivals from Caribbean totalled 5,373 stopovers in comparison to the 2,209 in August 2021.

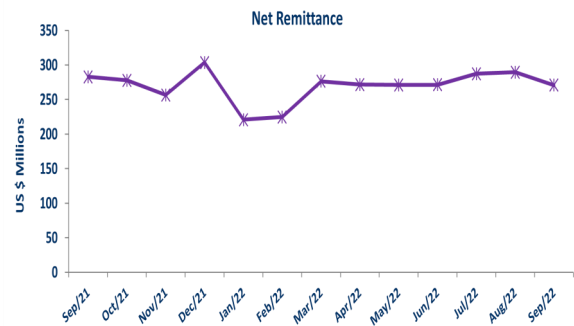


REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for September 2022, showed that total Remittance inflows amounted to US\$288.2 million (2021: US\$304.5 million), while outflows totalled US\$17.2 million (2021: US\$21.7 million).

Net remittances were US\$270.9 million, a decline of US\$11.8 million (4.2%) relative to US\$282.8 million reported for the corresponding month of 2021.

Total remittance inflows from April 2022 to September 2022 amounted to US\$1,761.7 million. The largest source market of remittances to the island in September was USA with a share of 70.9% (2021: 69.7%). The remaining remittances during the aforementioned month came from UK (8.6%) followed by Canada (11.4%) and the Cayman Islands (5.5%).



NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica’s Net International Reserves as at October 31, 2022 stood at US\$3,774.60 million, reflecting a decrease of US\$32.70 million when compared to the US\$3,807.30 million reported at the end of September 2022.

Foreign Assets totalled US\$4,318.68 million, US\$30.83 million less than the US\$4,349.51 million reported in September 2022. ‘Currency & Deposits’ held by the BOJ as at October 31, 2022 totalled US\$2,610.73 million, reflecting a decrease of US\$19.42 million compared to the US\$2,630.16 million reported in September 2022.

‘Securities’ were valued at US\$1,528.53 million; US\$11.88 million less than the US\$1,540.42 million reported at the end of September 2022. The country’s ‘Special Drawing Rights & IMF Reserve Position’ rose to US\$179.42 million from the US\$178.94 million reported last month. Liabilities to the IMF increased by US\$1.87 million to US\$544.08 million against the US\$542.21 million reported at the end of September 2022.

At its current value, the nation’s international reserve is \$93.47 million, or 2% less than the \$3,868.07 million held by the BOJ on October 31, 2021. The current NIR supports approximately 36.06 weeks of goods imports and 24.02 weeks of goods and services imports.

