

May 31, 2023



# MONTHLY ECONOMIC REVIEW

Prepared by: Research Department

# LOCAL ECONOMY

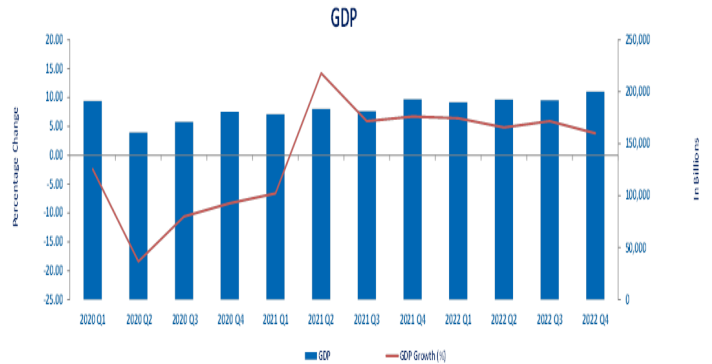
## GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica (STATIN), Jamaica's economy expanded 3.8% in Q4 2022.

The Statistical Institute of Jamaica (STATIN) reported a 3.8% increase in Jamaica's total value added at constant prices in the fourth quarter of 2022 compared to the same quarter of 2021. Services and Goods Producing industries grew 3.6% and 4.7%, respectively. The economy's continued recovery from the adverse effects of the COVID-19 pandemic aided performance.

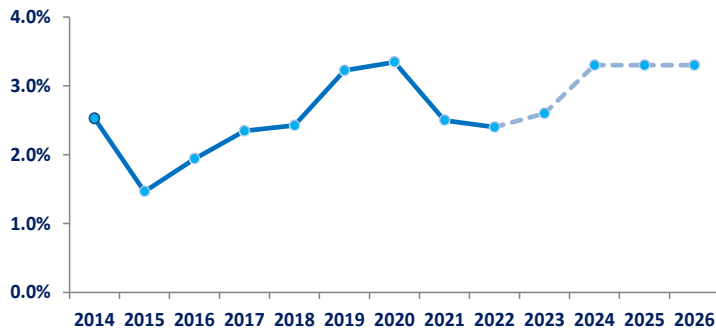
Hotels & Restaurants (21.6%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (1.3%), Transport, Storage & Communication (5.9%), Other Services (10.4%), Finance & Insurance Services (1.4%), Real Estate, Renting & Business Activities (0.6%) and Electricity & Water Supply (1.7%) all had higher activity levels. However, Producers of Government Services fell by 0.8%.

Higher output levels were recorded for Agriculture, Forestry & Fishing (5.9%) and Manufacturing (5.4%) and Mining & Quarrying (99.0%), Construction however declined by 4.8%.



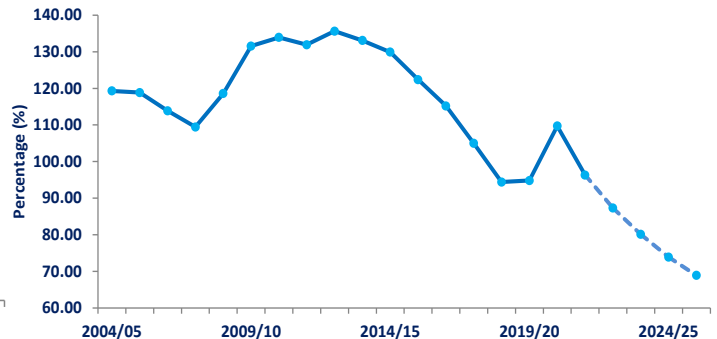
## CAPITAL EXPENDITURE TO GDP

### Capital Expenditure to GDP (%)



## DEBT TO GDP

### Total Debt to GDP (%)



Total Expenditure for the period April to March 2023 amounted to \$819.99 billion, \$19.94 billion less than the budgeted amount of \$839.93 billion. Recurrent expenditure which totalled \$766.80 billion, accounted for 94% of overall expenditures. Under the recurrent expenditure categories for the review period, the category above the budgeted amount was 'Interest' which totalled \$151.38 billion, \$180.30 million above the budgeted amount.

The categories below the budgeted amount included 'Programmes' which was \$277.30 billion, \$8.90 billion below the budgeted amount. 'Compensation of Employees' totalled \$338.13 billion, \$6.38 billion below the budgeted amount of \$344.51 billion. 'Wages & Salaries' totalled \$317.88 billion, \$127.80 million below the budgeted amount of \$318.01 billion. 'Employee Contribution' totalled \$20.24 billion, which was \$6.25 billion below the budgeted amount of \$26.50 billion.

The 'Fiscal Surplus' was \$7.79 billion, relative to a 'Projected Surplus' of \$6.92 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$159.16 billion, relative to the 'Budgeted Primary Surplus Balance' of \$158.11 billion.

At the end of December 2022, Jamaica's Public Debt stock stood at \$2.18 trillion, a reduction of 0.1% over end-March 2022. This decline reflected reductions in both Central Government and 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, the Government will remain vigilant to stay 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% 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 persons compared to the similar quarter of 2021. There were 42,000 more employed females, representing 79.2% 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 by 1.4% in April 2023, while Manufacturing prices rose 0.3%.

The index for Mining and Quarrying decreased due to a fall in 'Bauxite Mining & Alumina Processing' and 'Other Mining & Quarrying' groups.

A rise in the group 'Refined Petroleum Products' contributed 1.8% to the increase in the Manufacturing index.

Mining & Quarrying index fell by 5.2% from April 2022 to April 2023. 'Bauxite Mining & Alumina Processing' group (-5.5%) led to the decline in the Mining & Quarrying industry. Manufacturing's index rose 2.8% over the same period. 'Food, Beverages & Tobacco' group (8.1%) drove the Manufacturing industry.

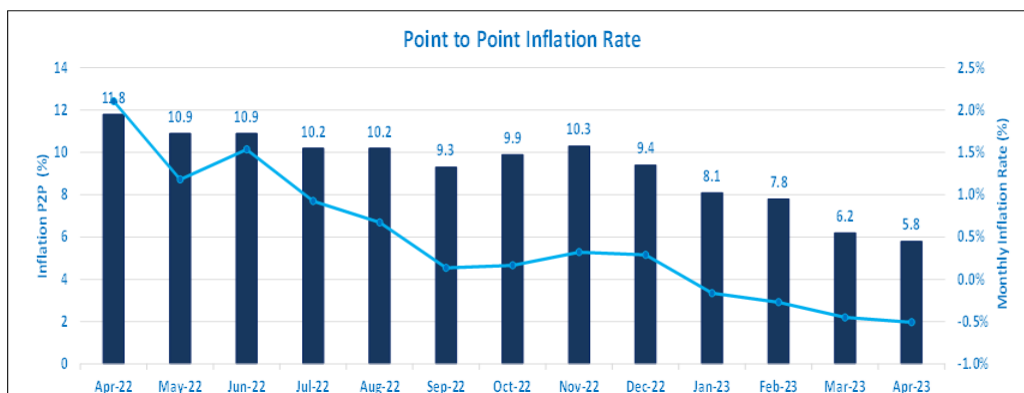
### Consumer Price Index:

The Statistical Institute of Jamaica (STATIN) reported that the All-The Statistical Institute of Jamaica (STATIN) reported that the All-Jamaica Consumer Price Index (CPI) increased by 5.8% for April 2023 compared to April 2022. However, for the month of April 2023, the inflation rate was -0.4%.

The main driver of the decline was a 4.2% fall in the index for the division 'Housing, Water, Electricity, Gas and Other Fuels'. The fall in the division was due primarily to a reduction in the electricity rates, resulting in a 12.5% decrease in the index 'Electricity, Gas and Other Fuels'. However, the overall rate of inflation was tempered by a 0.6% increase in the index for the 'Food and Non-Alcoholic Beverages' division as prices continued to trend upward for some agricultural produce.

All Items saw an increase between April 2022 and April 2023 of 5.8%. The upward movement was mostly related to increases in the index for the divisions 'Food and Non-Alcoholic Beverages' (10.3%), 'Restaurants and Accommodation Services' (16.8%). These upward movements were however tempered by a fall in the index for the group 'Housing, Water, Electricity, Gas and Other Fuels' (-3.7%).

The point-to-point inflation rate was 5.8%.



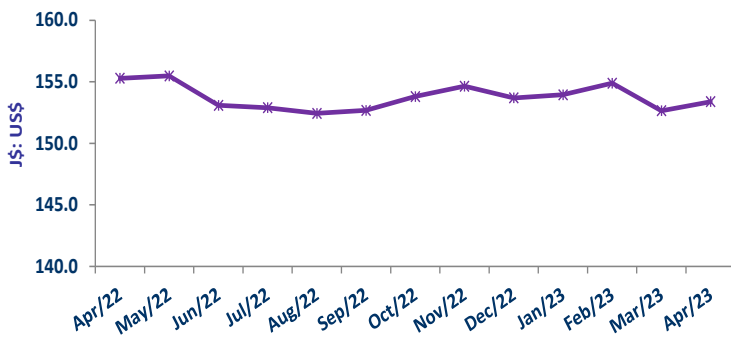


# FOREIGN EXCHANGE MARKET

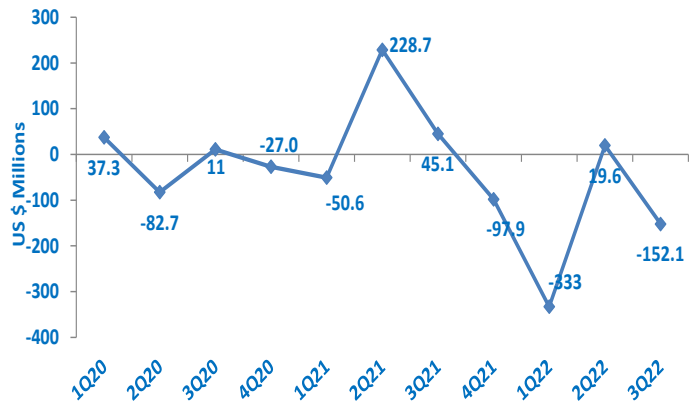
## LOCAL FOREX

The Jamaica dollar (JMD) depreciated against the USD for the month of April 2023. The JMD depreciated by \$0.73 in April, to close the month at an average of \$153.38 relative to the \$152.65 recorded in March 2023. Year over year, the JMD has appreciated by approximately 1.22%.

Exchange Rate Movements



## CURRENT ACCOUNT BALANCE



The March 2023 current account surplus is expected to be 0.0% to 1.0% of GDP which according to BOJ is better than the March 2022 quarter.

The current account deficit of the balance of payments is projected to be sustainable over the medium term, better than the previous projection but worse than the surplus for FY2022/23. The current account deficit is predicted to deteriorate averaging 0.5% to 1.5% of GDP in FY2023/24 to FY2024/25.

The improvement in the CA is mainly due to an upward revision to travel and remittance inflows partially offset by climate-related projects.





## FOREIGN EXCHANGE MARKET

### INTERNATIONAL FOREX

**GBP/USD:** The pair closed at **\$1.2496** for the month of April 2023. According to FX Empire, “U.S. Dollar Index is swinging between gains and losses as traders wait for the vote on the debt ceiling deal in Congress. GBP/USD continues to rebound as traders focus on the pullback in Treasury yields.”

**EUR/USD:** For April 2023, the EUR/USD pair closed at **\$1.09764**. According to FX empire, “EUR/USD managed to rebound from multi-week lows despite the disappointing Euro Area Economic Sentiment report, which showed that Euro Area Economic Sentiment decreased from 99 in April to 96.5 in May.”

April 1 - 30, 2023

Currency Pair	Open	High	Low	Close
GBP/USD	\$1.23	\$1.26	\$1.23	\$1.25
USD/CAD	\$1.35	\$1.37	\$1.33	\$1.35
EUR/USD	\$1.08	\$1.11	\$1.08	\$1.10
USD/JPY	\$133.05	\$137.57	\$130.58	\$137.48

The JPY depreciated against the USD during the month of April by 3.33% to close at \$137.48

### MONEY SUPPLY

Components of Money Supply (M2*)	Percentage Change (%)		
	Feb-22	Dec-22	Feb-23
Total Money Supply (M2*)	14.70	7.30	6.90
Total Money Supply (m2*) without new entrant			
Money Supply (M2J)	12.70	6.70	8.40
Money Supply (M2J) without new entrant			
Money Supply (M1J)	14.50	5.70	8.10
Currency with the public	17.60	1.90	7.10
Demand Deposits	12.20	8.90	8.90
Quasi Money	11.10	7.60	8.50
Savings Deposits	13.70	7.40	7.40
Time Deposits	0.80	8.80	13.70
Foreign Currency Deposits	18.00	8.50	4.60

According to the latest data available from the Bank of Jamaica's quarterly report, M2J expanded 8.4% in February 2023, driven by 8.7% growth in local currency deposits. This represents an increase from end-December 2022's 8.1%. Time deposits grew by 13.7% relative to 8.8% in December 2022. Demand and savings deposits climbed by 8.9%, and 7.4%, respectively, which was in line with the growth rates in December 2022.

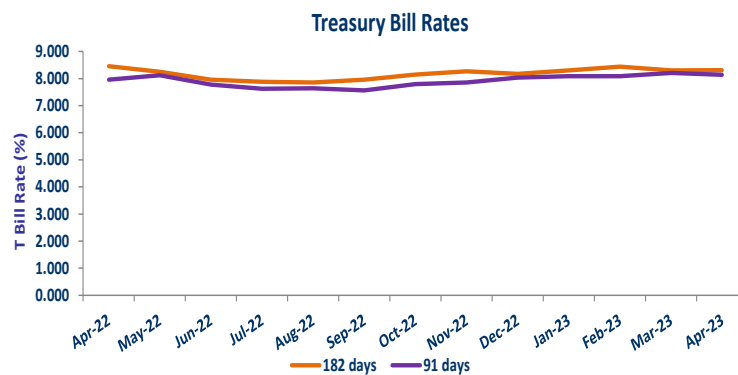
Additionally, M2J is expected to grow 9.6% annually during the next eight quarters, above the 9.3% previously projected. The pace of broad money growth is anticipated to reflect expansions primarily in local currency deposits over the near term. The increase in the growth projection for broad money reflects the impact of stronger than anticipated local currency deposit growth.





### Treasury Bills:

For the month of April 2023, applications for treasury bills (T-Bills) exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J\$2.20 billion in treasury bills, while applications totalled J\$8.16 billion; J\$2.81 billion for the 91-day T-Bill, J\$2.27 billion for the 182-day T-Bill and \$3.07 billion for the 270-day T-Bill. The 91-day T-Bill auction resulted in the average yield of 8.14%, down 7.57 basis points compared to March 2023. The 182-day T-Bill auction resulted in the average yield of 8.32%, up 0.95 basis points relative to the prior month. The average yields on the 91-day T-Bill increased by 17.99 basis points compared to the auctions in 2022 for the comparable period. The 182-day T-Bill went down 14.40 basis points relative to the corresponding auctions in 2022. (Refer to the graph on the right).



### OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date Payment
6-Apr-23	29 Days	7.50%	N/A	Fixed	5-May-23
14-Apr-23	28 Days	7.50%	N/A	Fixed	12-May-23
21-Apr-23	28 Days	7.50%	N/A	Fixed	19-May-23
26-Apr-23	4.11 Years	10.00%	N/A	Fixed	21-Mar-28
28-Apr-23	28 Days	7.50%	N/A	Fixed	26-May-23

The Bank of Jamaica issued one 29 Days Certificate of Deposit, three 28 Days Certificate of Deposit and one 4.11 Years Fixed Rate Benchmark Investment Notes in the month of April.





## TOURISM

<b>Stopover Arrivals by Market Region</b>					
<b>Country</b>	<b>February 2023</b>	<b>Share %</b>	<b>February 2022</b>	<b>Share %</b>	<b>Change %</b>
U.S.A.	156,965	68.7%	120,629	74.1%	30.1%
Canada	42,232	18.5%	15,082	9.3%	180.0%
Europe	22,246	9.7%	21,782	13.4%	2.1%
Latin America	2,425	1.1%	1,829	1.1%	32.6%
Caribbean	3,924	1.7%	3,100	1.9%	26.6%
Asia	395	0.2%	293	0.2%	34.8%
Others	353	0.2%	167	0.1%	111.4%
<b>Total</b>	<b>228,540</b>	<b>100.0%</b>	<b>162,882</b>	<b>100.0%</b>	<b>40.3%</b>

According to the latest data from the Jamaica Tourist Board, total stopover arrivals in February 2023 amounted to 228,540 a 40.3% increase when compared to the 162,882 recorded in February 2022.

Stopover arrivals from the U.S. market totalled 156,965 in February 2023, while there were 120,629 arrivals in February 2022.

The Canadian market arrivals amounted to 42,232 relative to the 15,082 a year prior.

The European market region recorded a total of 22,246 stopover arrivals in February 2023 when compared to the 21,782 in February 2022.

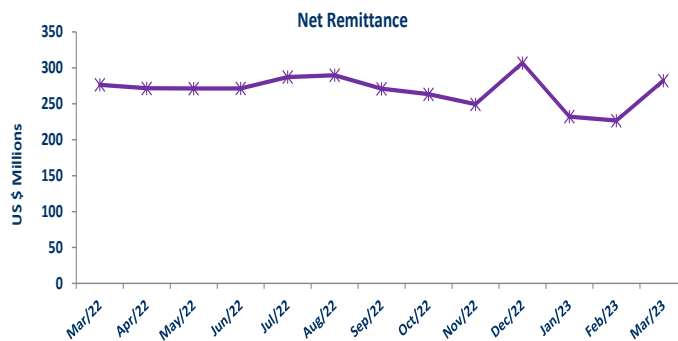
Arrivals from the Caribbean totalled 3,924 stopovers in comparison to the 3,100 in February 2022.

## REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for March 2023, showed that total remittance inflows amounted to US\$301.4 million (2022: US\$294.8 million), while outflows totalled US\$19.1 million (2022: US\$18.3 million).

Net remittances were US\$282.3 million, a rise of US\$5.9 million (2.1%) relative to US\$276.5 million reported for the corresponding month of 2022.

Total remittance inflows from April 2022 to March 2023 amounted to US\$3,447.4 million. The largest source market of remittances to the island in March continued to be the USA with a share of 71.7%, the same as March 2022. The remaining remittances during the aforementioned month came from UK (9.9%) followed by Canada (8.1%) and the Cayman Islands (6.1%).



## NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica’s Net International Reserves as at April 30, 2023 stood at US\$4,171.83 million, reflecting an increase of US\$19.47 million when compared to the US\$4,152.36 million reported at the end of March 2023.

Foreign Assets totalled US\$4,704.95 million, US\$20.39 million more than the US\$4,684.57 million reported in March 2023. ‘Currency & Deposits’ held by the BOJ as at April 30, 2023 totalled US\$2,983.33 million, reflecting a decline of US\$5.67 million compared to the US\$2,989.00 million reported in March 2023.

‘Securities’ were valued at US\$1,555.62 million; US\$25.93 million more than the US\$1,529.69 million reported at the end of March 2023. The country’s ‘Special Drawing Rights’ increased to \$129.16 million relative to the \$129.06 million recorded a month prior. ‘IMF Reserve Position’ rose to US\$36.84 million from the US\$36.81 million reported last month. Liabilities to the IMF increased by US\$0.91 million to US\$533.12 million against the US\$532.21 million reported at the end of March 2023.

At its current value, the nation’s international reserve is \$437.69 million, or 12% higher than the \$3,734.14 million held by the BOJ on April 30, 2022. The current NIR supports approximately 39.41 weeks of goods imports and 26.84 weeks of goods and services imports.

