

July 20, 2023



MAYBERRY
INVESTMENTS LIMITED

MONTHLY

ECONOMIC REVIEW

Prepared by: Research Department

LOCAL ECONOMY

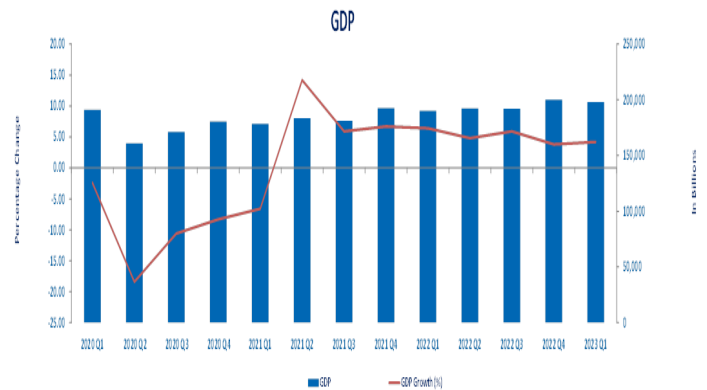
GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica (STATIN), Jamaica's economy expanded 4.2% in Q1 2023.

The Statistical Institute of Jamaica (STATIN) reported a 4.2% increase in Jamaica's total value added at constant prices in the first quarter of 2023 compared to the same quarter of 2022. Services and Goods Producing Industries grew 5.4% and 1.0%, respectively. The performance was aided by the economy's sustained recovery from the adverse effects of the COVID-19 pandemic. For the fiscal year 2022/2023 the economy grew by 4.7% compared to fiscal year 2021/2022.

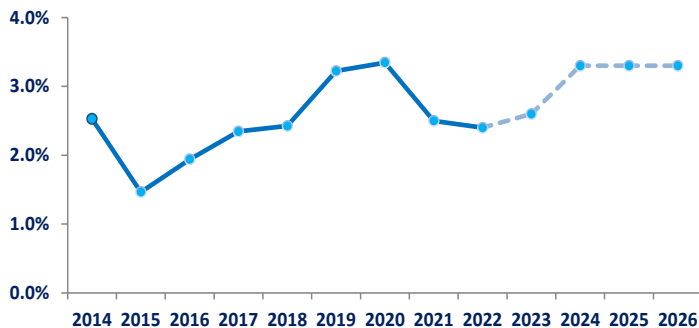
Hotels & Restaurants (29.7%), Other Services (13.0%), Transport, Storage & Communication (7.1%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (2.8%), Real Estate, Renting & Business Activities (2.3%) Finance & Insurance Services (1.9%), and Electricity & Water Supply (0.7%), industries all had higher activity levels. However, Producers of Government Services industry fell by 0.3%.

Higher output levels were recorded for Mining & Quarrying (114.7%) and Manufacturing (3.6%). Agriculture, Forestry & Fishing and Construction however declined by 6.9% and 4.2% respectively.



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



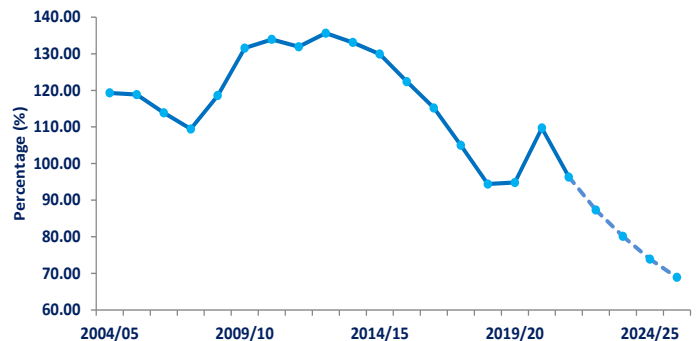
Total Expenditure for the period April to May 2023 amounted to \$148.35 billion, \$3.54 billion less than the budgeted amount of \$151.89 billion. Recurrent expenditure which totalled \$138.45 billion, accounted for 93% of overall expenditures. Under the recurrent expenditure categories for the review period, the categories above the budgeted amount included 'Wages & Salaries' which totalled \$63.69 billion, \$1.71 million above the budgeted amount. 'Compensation of Employees' totalled \$68.92 billion, \$1.25 billion above the budgeted amount of \$67.67 billion. 'Interest' which amounted to \$24.64 billion, was \$412.70 million above the budgeted amount.

The categories below the budgeted amount included 'Programmes' which was \$44.90 billion, \$3.86 billion below the budgeted amount. 'Employee Contribution' totalled \$5.23 billion, which was 8% lower the budgeted amount of \$5.70 billion.

The 'Fiscal Deficit' was \$18.56 billion, relative to a 'Projected Deficit' of \$34.44 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$6.07 billion, relative to the 'Budgeted Primary Deficit Balance' of \$10.22 billion.

DEBT TO GDP

Total Debt to GDP (%)



At the end of May 2023, Jamaica's Public Debt stock stood at \$2.17 trillion. This reflected increase in both Central Government and public bodies' debt over the period.

The GOJ remains steadfast in its commitment to fiscal discipline and continued economic growth. Economic improvements have been forecasted for FY 2023/24 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 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	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 rose by 0.3% in May 2023, while Manufacturing prices fell 0.9%.

The index for Mining and Quarrying rose due to an upward movement of 0.3% and 0.1% in 'Bauxite Mining & Alumina Processing' and 'Other Mining & Quarrying' groups respectively.

A fall in the group 'Refined Petroleum Products' contributed 5.3% to the decline in the Manufacturing index.

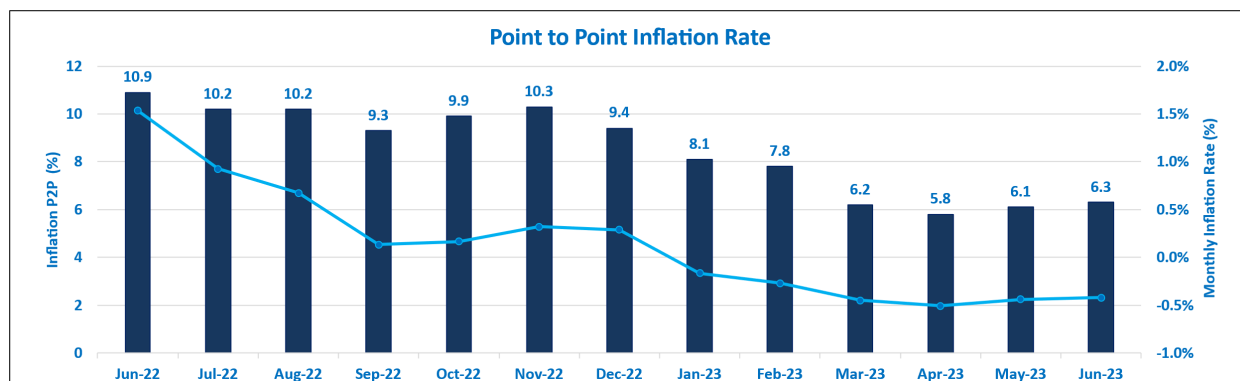
Mining & Quarrying index fell by 5.5% from May 2022 to May 2023. 'Bauxite Mining & Alumina Processing' group (-5.8%) led to the decline in the Mining & Quarrying industry. Manufacturing's index fell by 0.7% over the same period. This primarily resulted from a decline of 24.1% in the index for the 'Refined Petroleum Products' major group.

Consumer Price Index:

The Statistical Institute of Jamaica (STATIN) reported that the All-Jamaica Consumer Price Index (CPI) increased by 6.3% for June 2023 compared to June 2022. However, for the month of June 2023, the inflation rate was +1.0%.

The main driver of the monthly increase was a 1.3% rise in the index for the heaviest weighted division 'Food and Non-Alcoholic Beverages', which followed a 5.3% increase in the index for the 'Vegetables, tubers, plantains, cooking bananas and pulses' class due higher prices for products. Additionally, the 'Restaurants and Accommodation Services' division climbed by 4.2% due to higher prices for meals and drinks consumed away from home. The Jamaican government's approval of a 44.4% increase in the National Minimum Wage resulted in a 6.4% increase in the index for the 'Furnishings, Household Equipment, and Routine Household Maintenance' division. However, the overall rate of inflation was tempered by a 0.8% decline in the index for the 'Housing, Water, Electricity, Gas and Other Fuels' division due to lower electricity, water, and sewage rates.

All Items saw an increase between June 2022 and June 2023 of 6.3%. 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' (12.8%) and 'Furnishings, Household Equipment and Routine Household Maintenance' (11.4%) tempered by the 'Transport' division, which decline by 1.6%.

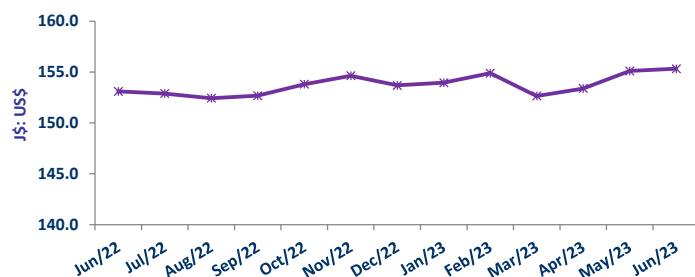


FOREIGN EXCHANGE MARKET

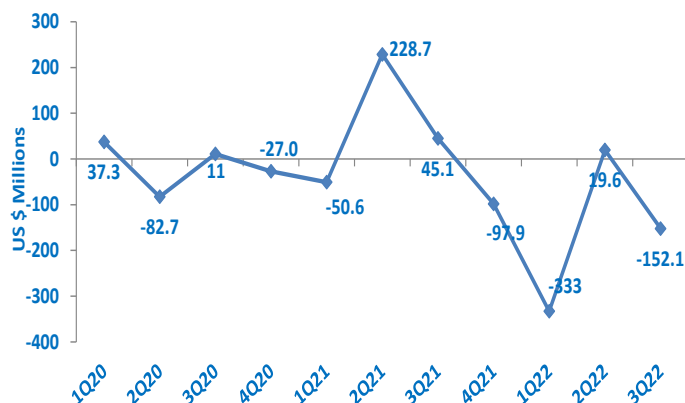
LOCAL FOREX

The Jamaica dollar (JMD) depreciated against the USD for the month of June 2023. The JMD depreciated by \$0.22 in June, to close the month at an average of \$155.32 relative to the \$155.10 recorded in May 2023. Year over year, the JMD has depreciated by approximately 1.46%.

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

MONEY SUPPLY

INTERNATIONAL FOREX

GBP/USD: The pair closed at **\$1.26985** for the month of June 2023. According to FX Empire, "The UK annual inflation rate softened from 8.7% to 7.9% in June. Consumer prices increased by 0.1% from May to June versus 0.7% in May. Economists forecast consumer prices to rise by 0.4% month-on-month and for an annual inflation rate of 8.2%. After the hotter-than-expected UK wage growth and better-than-expected GDP numbers, today's CPI Report could support less hawkish bets on peak interest rates, but leave the BoE on track for further rate hikes and a UK economic recession on the table. Ahead of the UK Inflation Report, the GBP to USD rose to an early high of \$1.30448 before falling to a pre-stat low of \$1.30130. However, in response to the UK inflation report, the GBP to USD rose to a post-stat high of \$1.30346 before sliding to a low of \$1.29387 on Wednesday (July 19, 2023)."

EUR/USD: For June 2023, the EUR/USD pair closed at **\$1.09112**. According to FX empire, "In Wednesday's (July 19, 2023) trading session, the euro experienced a modest rally, breaching the 1.1250 level but showing signs of uncertainty. As market participants grapple with the impact of diverging monetary policies and inflation concerns, evaluating the euro's trajectory becomes crucial. This article explores the prevailing factors influencing the euro's performance and identifies potential buying opportunities amid short-term pullbacks. The ongoing debate surrounding the monetary policies of the Federal Reserve and the European Central Bank has become a focal point for traders. Speculation suggests that the Federal Reserve may adopt a more accommodative stance at a faster pace compared to their European counterparts. This perception has been a driving force behind the recent upward trajectory of the euro. Given its status as the "anti-dollar," closely monitoring the performance of the US dollar against other currencies becomes vital in determining the direction of the euro. In fact, it is a majority of the weighting in the US Dollar Index."

June 1 - 30, 2023

Currency Pair	Open	High	Low	Close
GBP/USD	\$1.25	\$1.29	\$1.24	\$1.27
USD/CAD	\$1.34	\$1.35	\$1.31	\$1.32
EUR/USD	\$1.08	\$1.10	\$1.07	\$1.09
USD/JPY	\$138.83	\$145.07	\$138.61	\$144.31

The CAD appreciated against the USD during the month of June by 1.49% to close at \$1.32. Conversely, the JPY depreciated against the USD during the month of June by 3.95% to close at \$144.31.

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

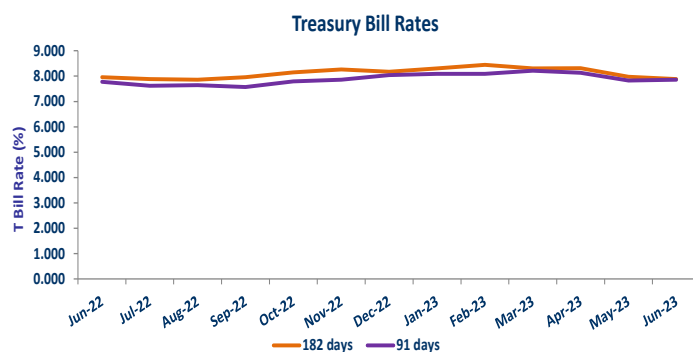
According to the latest data available from the Bank of Jamaica's quarterly report, M2J expanded 8.4% in February 2023, driven by 8.7% growth in local currency deposits. This represents an increase from end-December 2022's 8.1%. Time deposits grew by 13.7% relative to 8.8% in December 2022. Demand and 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 June 2023, applications for treasury bills (T-Bills) exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J\$1.40 billion in treasury bills, while applications totalled J\$5.36 billion; J\$2.30 billion for the 91-day T-Bill and J\$3.06 billion for the 182-day T-Bill. The 91-day T-Bill auction resulted in the average yield of 7.86%, up 4.07 basis points compared to May 2023. The 182-day T-Bill auction resulted in the average yield of 7.87%, down 8.78 basis points relative to the prior month. The average yields on the 91-day T-Bill rose by 8.80 basis points compared to the auctions in 2022 for the comparable period. The 182-day T-Bill went down 7.36 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
9-Jun-23	28 Days	7.50%	N/A	Fixed	7-Jul-23
16-Jun-23	28 Days	7.50%	N/A	Fixed	14-Jul-23
23-Jun-23	28 Days	7.50%	N/A	Fixed	21-Jul-23
30-Jun-23	28 Days	7.50%	N/A	Fixed	28-Jul-23

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



TOURISM

Stopover Arrivals by Market Region					
Country	March 2023	Share %	March 2022	Share %	Change %
U.S.A.	204,029	73.9%	161,441	74.8%	26.4%
Canada	42,787	16%	24,482	11.3%	74.8%
Europe	21,642	8%	25,006	11.6%	-13.5%
Latin America	2,248	1%	1,786	0.8%	25.9%
Caribbean	4,527	2%	2,583	1.2%	75.3%
Asia	426	0%	234	0.1%	82.1%
Others	327	0%	257	0.1%	27.2%
Total	275,986	100.0%	215,789	100.0%	27.9%

According to the latest data from the Jamaica Tourist Board, total stopover arrivals in March 2023 amounted to 275,986 a 27.9% increase when compared to the 215,789 recorded in March 2022.

Stopover arrivals from the U.S. market totalled 204,029 in March 2023, while there were 161,441 arrivals in March 2022.

The Canadian market arrivals amounted to 42,787 relative to the 24,482 a year prior.

The European market region recorded a total of 21,642 stopover arrivals in March 2023 when compared to the 25,006 in March 2022.

Arrivals from the Caribbean totalled 4,527 stopovers in comparison to the 2,583 in March 2022.

REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for April 2023, showed that total remittance inflows amounted to US\$272.0 million (2022: US\$288.9 million), while outflows totalled US\$18.8 million (2022: US\$17.3 million).

Net remittances were US\$253.2 million, a fall of US\$18.4 million (6.8%) relative to US\$271.6 million reported for the corresponding month of 2022.

Total remittance inflows from January to April 2023 amounted to US\$1,072.4 million. This outturn represented a decline of 0.9% relative to January to April 2022.

The largest source market of remittances to the island in April continued to be the USA with a share of 70.2% down from the 70.8% recorded for April 2022. The remaining remittances during the aforementioned month came from UK (10.2%) followed by Canada (9.4%) and the Cayman Islands (6.1%).

NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica's Net International Reserves as at June 30, 2023 stood at US\$4,283.47 million, reflecting an increase of US\$74.74 million when compared to the US\$4,208.73 million reported at the end of May 2023.

Foreign Assets totalled US\$4,786.72 million, US\$55.91 million more than the US\$4,730.82 million reported in May 2023. 'Currency & Deposits' held by the BOJ as at June 30, 2023 totalled US\$3,088.99 million, reflecting an increase of US\$61.49 million compared to the US\$3,027.50 million reported in May 2023.

'Securities' were valued at US\$1,547.66 million; US\$5.88 million less than the US\$1,553.54 million reported at the end of May 2023. The country's 'Special Drawing Rights' increased to \$113.70 million relative to the \$113.47 million recorded a month prior. 'IMF Reserve Position' increased to US\$36.38 million from the US\$36.31 million reported last month. Liabilities to the IMF fell by US\$18.84 million to US\$503.25 million against the US\$522.09 million reported at the end of May 2023.

At its current value, the nation's international reserve is \$478.72 million, or 13% higher than the \$3,804.75 million held by the BOJ on June 30, 2022. The current NIR supports approximately 38.75 weeks of goods imports and 26.46 weeks of goods and services imports.

