

September 21, 2023



MAYBERRY
INVESTMENTS LIMITED

MONTHLY

ECONOMIC REVIEW

Prepared by: Research Department

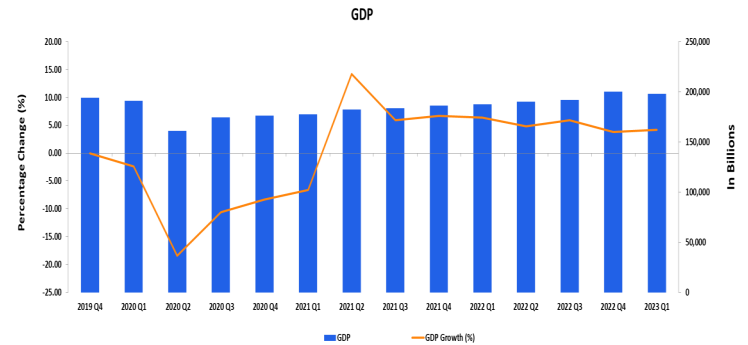
LOCAL ECONOMY

GROSS DOMESTIC PRODUCT

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

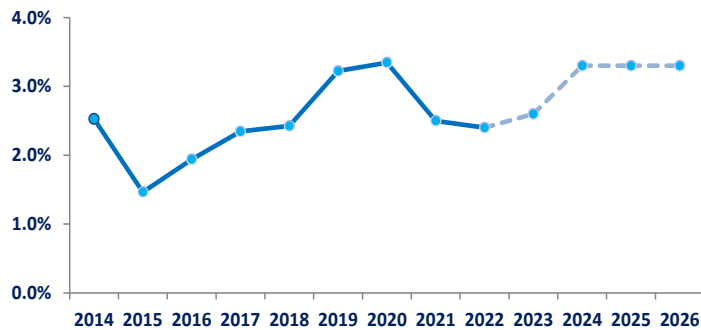
STATIN reported a 4.2% increase in Jamaica's total value added at constant prices in the first quarter of 2023 compared to the same quarter of 2022. Services and Goods Producing Industries grew 5.4% and 1.0%, respectively. The performance was aided by the economy's sustained recovery from the adverse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

Higher activity levels were realized in the industries: 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%). However, the Producers of Government Services industry fell by 0.3%.



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



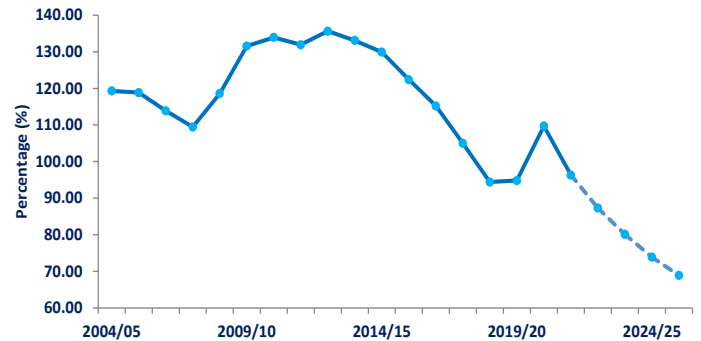
Total Expenditure for the period April to July 2023 amounted to \$299.0 billion, \$587.6 million less than the budgeted amount of \$299.6 billion. Recurrent Expenditure, which totalled \$284.4 billion, accounted for 95% of overall expenditures. All categories under Recurrent Expenditure for the review period exceeded the budgeted amount: 'Programmes' totalled \$88.7 billion (+\$205.9 million), 'Compensation of Employees' totalled \$142.7 billion (+\$69.7 million) and 'Interest' totalled \$53.0 billion (+\$346.6 million). Notwithstanding, 'Employers Contribution' under the 'Compensation of Employees' category was below the budgeted amount by \$31.9 million and 'Domestic' under the 'Interest' category was below the budgeted amount by \$66.1 million.

The Capital Expenditure category amounted to \$14.60 billion, which was \$1.2 billion below the budgeted amount.

The 'Fiscal Deficit' was \$18.4 billion, relative to a 'Projected Deficit' of \$25.2 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$34.6 billion, relative to the 'Budgeted Primary Surplus Balance' of \$27.5 billion.

DEBT TO GDP

Total Debt to GDP (%)



At the end of June 2023, Jamaica's Public Debt stock stood at \$2.16 trillion. This reflected decreases 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	2015	2016	2017	2018	2019	2020	2021	2022
2014	13.4	13.6	13.8	14.2	1,305,500	1,311,100	1,303,700	1,310,200						
2015	14.2	13.2	13.1	13.5	1,320,800	1,300,400	1,320,500	1,325,200						
2016	13.3	13.7	12.9	12.9	1,342,000	1,353,500	1,363,300	1,355,500						
2017	12.7	11.3	11.3	10.4	1,358,300	1,371,600	1,371,200	1,346,800						
2018	9.6	9.8	8.4	8.7	1,331,800	1,345,900	1,334,700	1,334,900						
2019	8.0	7.8	7.8	7.2	1,340,200	1,349,900	1,360,800	1,345,100						
2020	7.3	na	12.6	10.7	1,369,500	na	1,279,600	1,293,600						
2021	8.9	9.0	8.5	7.1	1,310,900	1,206,000	1,215,000	1,329,100						
2022	6.2	6.0	6.6	na	1,257,100	1,269,300	1,268,000	na						
2023	na	4.5			na	1,312,600								

The Statistical Institute of Jamaica (STATIN) reported that the unemployment rate was 4.5% in April 2023, 1.5 percentage points lower than in April of the previous year. There were 1,312,600 employed persons, an increase of 43,300 persons compared to the similar quarter of 2022. There were 29,700 more employed females, representing 68.6% 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:

For July 2023, increases in output prices were realized for both industries: Mining and Quarrying (0.2%) and Manufacturing (0.6%).

The upward movement in the index for Mining and Quarrying was largely due to an increase in the index for the major group 'Bauxite Mining & Alumina Processing' (0.2%).

The increase in the Manufacturing index was led by growth in the major groups: 'Refined Petroleum Products' (4.1%) and 'Food, Beverages & Tobacco' (0.2%) tempered by a 1.9% decline in the 'Chemicals and Chemical Products' group.

The Mining & Quarrying index increased by 5.9% from July 2022 to July 2023, owing primarily to the 'Bauxite Mining & Alumina Processing' major group (5.9%). The Manufacturing index fell by 1.9% over the same period resulting from a 20.2% decline in the index for the 'Refined Petroleum Products' major group. Notably, this was eased by increases in the major groups: 'Food, Beverages & Tobacco' (2.9%) and 'Chemicals and Chemical Products' (2.8%).

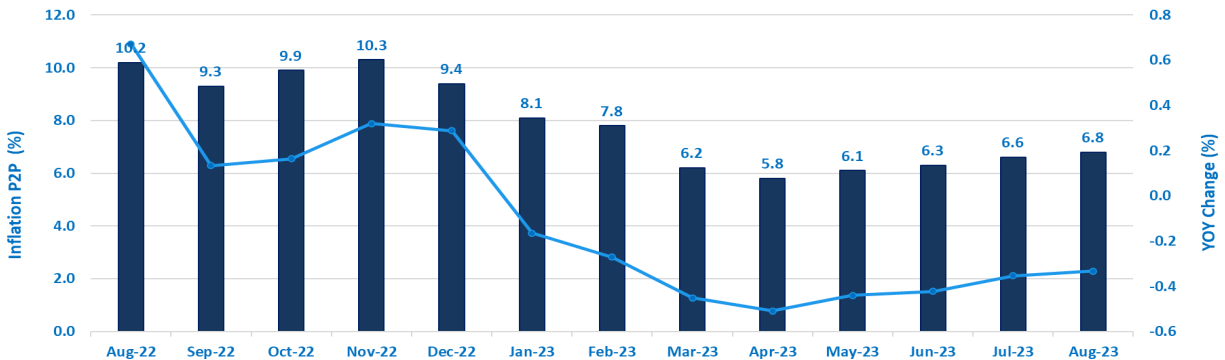
Consumer Price Index:

The Statistical Institute of Jamaica (STATIN) reported that the All-Jamaica Consumer Price Index (CPI) increased by 6.8% for August 2023 compared to August 2022. However, for the month of August 2023, the inflation rate was +1.0%.

The main driver of the monthly increase (1.0%) was a 1.4% rise in the index for the 'Food and Non-Alcoholic Beverages' division, which followed a 4.0% increase in the index for the 'Vegetables, tubers, plantains, cooking bananas and pulses' class due to sustained growth in the prices for products such as cabbage, Irish potato, tomato, and yellow yam. The 5.2% increase in the index for the 'Information and Communication' division due to costlier mobile communication services rates also contributed to the rate of inflation. Additionally, the index for the 'Housing, Water, Electricity, Gas and Other Fuels' division increased by 0.8% due to higher electricity, water and sewage rates and the index for the 'Transport' division increased by 1.0% due to increased petrol prices.

The upward movement in All Items (6.8%) between August 2022 and August 2023 was mostly related to increases in the index for the divisions: 'Food and Non-Alcoholic Beverages' (10.9%), 'Restaurants and Accommodation Services' (12.0%), and 'Furnishings, Household Equipment and Routine Household Maintenance' (11.1%). However, this was tempered by a 1.2% decline in the index for the 'Transport' division.

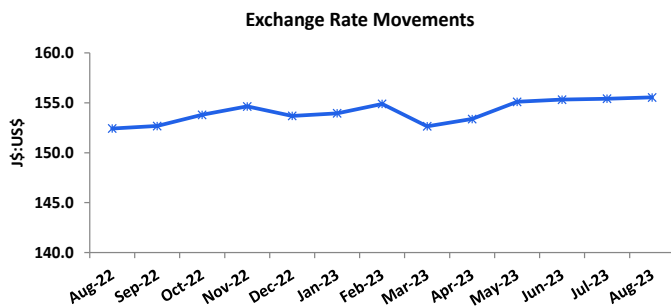
Point to Point Inflation Rate



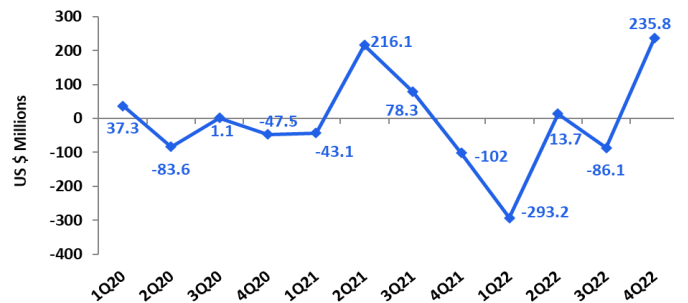
FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaica dollar (JMD) depreciated against the USD for the month of August 2023. The JMD depreciated by \$0.13 to close the month at an average of \$155.54 relative to the \$155.41 recorded in July 2023. Year over year, the JMD has depreciated by approximately 2.04% and year to date, it has depreciated by 1.03%.



CURRENT ACCOUNT BALANCE



The June 2023 current account surplus is expected to be 0.9% of GDP, which according to BOJ is better than the June 2022 quarter.

The current account (CA) 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 surplus is predicted to decline averaging between 0.0% to 1.0% of GDP in FY2023/24 to FY2024/25. For the FY2025/26 to FY2028/29, the CA balance is expected to worsen to a deficit, albeit a smaller one than previously forecasted, averaging between 0.3% to 2.0% of GDP.

The improvement in the CA over prior prediction is largely due to a smaller trade deficit, increased travel inflows, and lower investment outflows.



FOREIGN EXCHANGE MARKET

INTERNATIONAL FOREX

GBP/USD: The pair closed at **\$1.25896** for the month of August 2023. According to FX Empire, "GBP/USD movements highlight the tension between UK's inflation surge and the US's resilient economic posture, indicating significant Cable shifts ahead."

Notably, "On Tuesday, the GBP to USD pair gained 0.08%. Following a 0.01% rise on Monday, the GBP/USD ended the day at \$1.23916. The GBP/USD pair fell to a low of \$1.23699 before rising to a Tuesday high of \$1.24248."

EUR/USD: For August 2023, the EUR/USD pair closed at **\$1.07753**. According to FX empire, "EUR/USD dipped by 0.12% to end the Tuesday session at \$1.06792. German Producer Prices in August might hold clues to the broader economic demand landscape. The US Fed's decisions on interest rates could be a defining moment for global economic forecasts."

August 1 - 31, 2023				
Currency Pair	Open	High	Low	Close
GBP/USD	\$1.28	\$1.28	\$1.25	\$1.26
USD/CAD	\$1.33	\$1.36	\$1.33	\$1.36
EUR/USD	\$1.10	\$1.11	\$1.08	\$1.08
USD/JPY	\$142.77	\$147.38	\$141.50	\$146.20

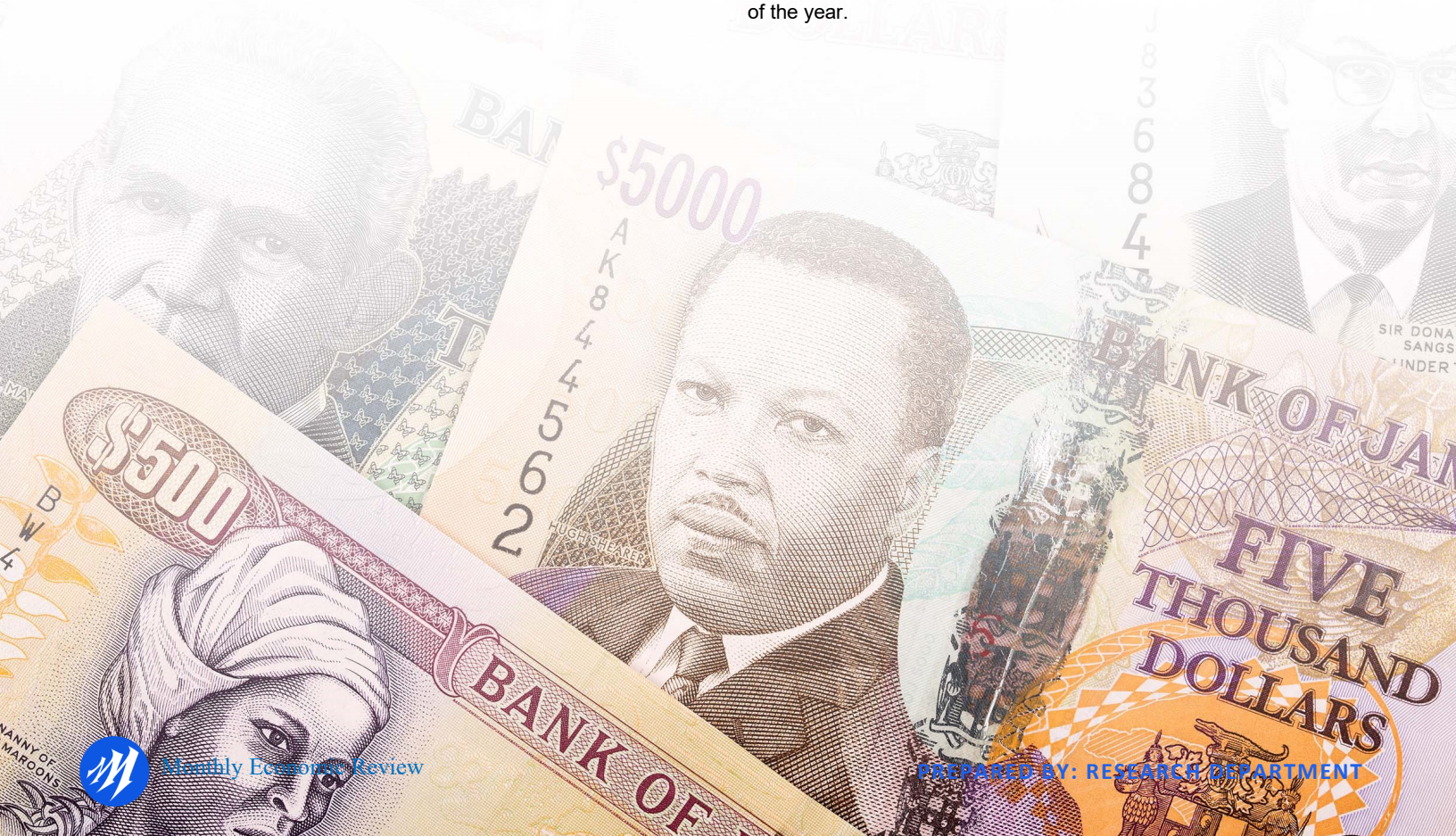
The CAD depreciated against the USD during the month of August by 2.45% to close at \$1.36. Similarly, the JPY depreciated against the USD during the month of August by 2.41% to close at \$146.20.

MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	May-22	Mar-23	May-23
Total Money Supply (M2*)	13.30	8.30	8.90
Money Supply (M2J)	9.60	8.30	12.70
Money Supply (M1J)	10.50	11.00	11.60
Currency with the public	11.00	9.00	10.10
Demand Deposits	10.10	12.50	12.70
Quasi Money	8.80	13.40	13.70
Savings Deposits	11.10	8.80	2.00
Time Deposits	-0.60	36.30	68.30
Foreign Currency Deposits	19.80	1.90	2.90

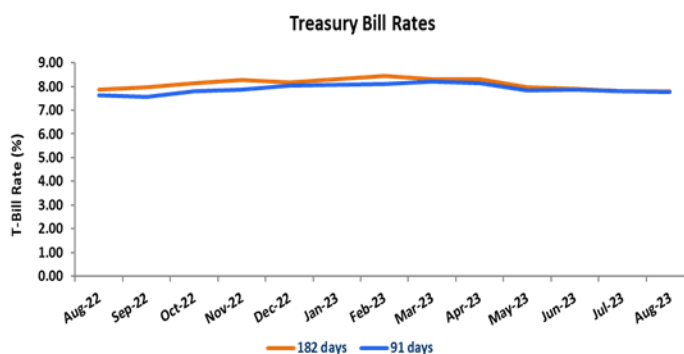
According to the latest data available from the Bank of Jamaica's quarterly report, M2J expanded 12.7% in May 2023, driven by a 13.3% growth in local currency deposits. This represents a decline in growth from end-March 2023's 13.3%. Time deposits grew by 68.3% relative to 36.3% in March 2023, while demand and savings deposits climbed by 12.7%, and 2.0%, respectively, relative to the 12.5% and 8.8% growth rates in March 2023.

Additionally, M2J is expected to grow 10.1% annually during the next eight quarters, above the 9.0% previously projected. Over the short term, it is projected that the rate of broad money growth will partially be driven by a slowing of economic activity and will reflect increases in currency in circulation and deposits made in local currency. Stronger than anticipated seasonal demand, which returns to normal in the December 2023 quarter, is predicted to cause currency in circulation to be greater than planned during the latter half of the year.



Treasury Bills:

For the month of August 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\$5.85 billion; J\$1.83 billion for the 91-day T-Bill, J\$2.04 billion for the 182-day T-Bill, and J\$1.99 billion for the 270-day T-Bill. The 91-day T-Bill auction resulted in the average yield of 7.75%, down 3.70 basis points compared to July 2023. The 182-day T-Bill auction resulted in the average yield of 7.80%, up 0.36 basis points relative to the prior month. The average yield on the 91-day T-Bill rose by 11.04 basis points compared to the auctions in 2022 for the comparable period. The 182-day T-Bill went down 5.81 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 Payment/ Maturity Date
4-Aug-23	28 Days	7.50%	N/A	Fixed	1-Sep-23
11-Aug-23	28 Days	7.50%	N/A	Fixed	8-Sep-23
18-Aug-23	28 Days	7.50%	N/A	Fixed	15-Sep-23
25-Aug-23	28 Days	7.50%	N/A	Fixed	22-Sep-23
29-Aug-23	4 Years, 7 Months	10.00%	N/A	Fixed	21-Mar-28
29-Aug-23	23 Years	11.25%	N/A	Fixed	12-Feb-46

The Bank of Jamaica issued four 28-day Certificate of Deposit (CD) and two Benchmark Investment Notes (BINs) in the month of August.





TOURISM

Stopover Arrivals by Market Region					
Country	May 2023	Share %	May 2022	Share %	Change %
U.S.A.	173,261	76.0%	154,257	75.6%	12.3%
Canada	24,067	11%	22,302	10.9%	7.9%
Europe	21,745	10%	21,658	10.6%	0.4%
Latin America	2,727	1%	1,990	1.0%	37.0%
Caribbean	5,064	2%	3,029	1.5%	67.2%
Asia	548	0%	330	0.2%	66.1%
Others	446	0%	445	0.2%	0.2%
Total	227,858	100.0%	204,011	100.0%	11.7%

According to the latest data from the Jamaica Tourist Board, total stopover arrivals in May 2023 amounted to 227,858, an 11.7% increase when compared to the 204,011 recorded in May 2022.

Stopover arrivals from the U.S. market totalled 173,261 in May 2023, while there were 154,257 arrivals in May 2022.

The Canadian market arrivals amounted to 24,067 relative to the 22,302 a year prior.

The European market region recorded a total of 21,745 stopover arrivals in May 2023 when compared to the 21,658 in May 2022.

Arrivals from the Caribbean totalled 5,064 stopovers in comparison to the 3,029 in May 2022.

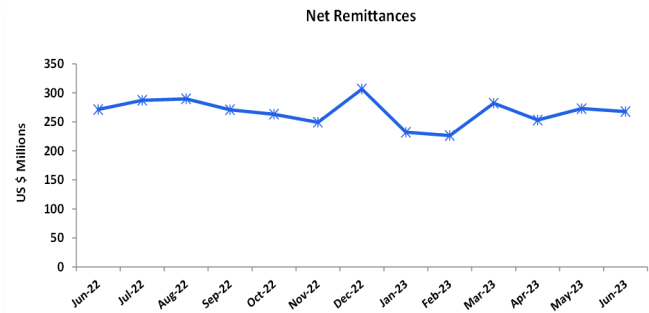
REMITTANCE

The latest data from the Bank of Jamaica (BOJ), for June 2023, showed that total remittance inflows amounted to US\$286.3 million (2022: US\$288.4 million), while outflows totalled US\$18.3 million (2022: US\$17.0 million).

Net remittances were US\$267.9 million, a decrease of US\$3.5 million (1.3%) relative to US\$271.4 million reported for the corresponding month of 2022.

Total remittance inflows from April to June 2023 amounted to US\$848.6 million. This outturn represented a decline of 1.4% relative to April to June 2022.

The largest source market of remittances to the island in June continued to be the USA with a share of 69.8%, down from the 70.7% recorded for June 2022. The remaining remittances during the month came from Canada (10.5%), followed by the UK (10.0%) and the Cayman Islands (5.8%).



NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica's Net International Reserves as at August 31, 2023 stood at US\$4,434.16 million, reflecting an increase of US\$298.95 million when compared to the US\$4,135.21 million reported at the end of July 2023.

Foreign Assets totalled US\$4,580.19 million, US\$63.14 million less than the US\$4,643.33 million reported in July 2023. This was largely due to 'Currency & Deposits' held by the BOJ, which totalled US\$2,885.68 million as at August 31, 2023, US\$68.18 million less than the US\$2,953.86 million reported in July 2023.

'Securities' were valued at US\$1,559.90 million; US\$21.96 million more than the US\$1,537.95 million reported at the end of July 2023. The country's Special Drawing Rights decreased to US\$98.22 million relative to the US\$114.79 million recorded a month prior.

'IMF Reserve Position' decreased to US\$36.37 million from the US\$36.73 million reported last month. Liabilities to the IMF fell US\$362.10 million to US\$146.02 million against the US\$508.12 million reported at the end of July 2023.

At its current value, the nation's international reserve is US\$683.35 million or 18% higher than the US\$3,750.81 million held by the BOJ on August 31, 2022. The current NIR supports approximately 37.08 weeks of goods imports and 24.18 weeks of goods and services imports.

