



MONTHLY ECONOMIC REVIEW

DECEMBER 2023

Prepared by: Research Department

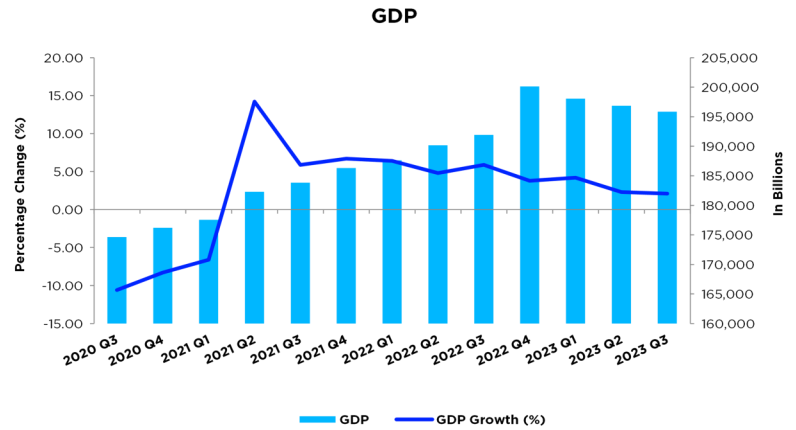
LOCAL ECONOMY

GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica (STATIN), Jamaica's economy expanded by 2.1% in Q3 2023.

STATIN reported a 2.1% increase in Jamaica's total value added at constant prices in the third quarter of 2023 compared to the same quarter of 2022. Services and Goods Producing Industries each grew by 2.1%. Total value added, seasonally unadjusted, was \$195.86 billion.

The Services Industries experienced overall growth, except for Producers of Government Services, which declined by 0.9%. Sectors experiencing growth included Transport, Storage & Communication (6.0%), Hotels & Restaurants (6.7%), Other Services (4.5%), Finance & Insurance Services (1.5%), Electricity & Water Supply (6.7%), Real Estate, Renting & Business Activities (0.9%), and Wholesale & Retail Trade; Repairs: Installation of Machinery & Equipment (0.3%). Growth in the Goods Producing Industries was driven by increased output in Mining & Quarrying (103.1%), Manufacturing (2.1%), and Construction (0.7%). However, the Agriculture, Forestry & Fishing industry experienced a 9.3% decline in value added due to adverse effects of dry conditions.

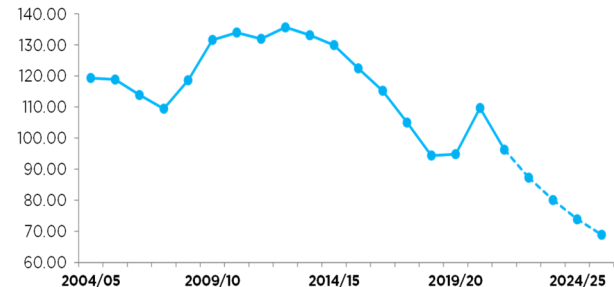
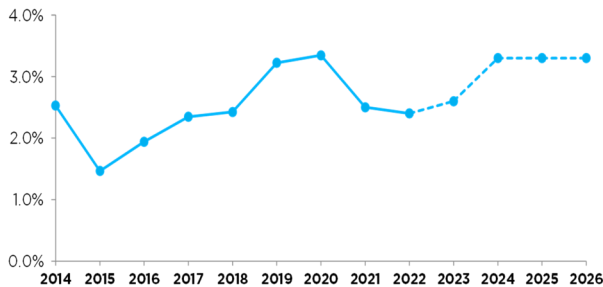


CAPITAL EXPENDITURE TO GDP

DEBT TO GDP

Capital Expenditure to GDP (%)

Total Debt to GDP (%)



Total Expenditure for the period April to November 2023 amounted to \$598.84 billion, \$9.47 billion less than the budgeted amount of \$608.31 billion. Recurrent Expenditure, which totalled \$567.64 billion, accounted for 95% of overall expenditures. The category under Recurrent Expenditure for the review period that exceeded the budgeted amount was 'Interest', which totalled \$111.96 billion (+\$1.89 billion).

However, the 'Programmes' category, which totalled \$184.85 billion was below the budgeted amount by \$7.24 billion. The 'Compensation of Employees' category which totalled \$270.83 billion was also below the budgeted amount by \$2.44 billion.

Capital Expenditure amounted to \$31.19 billion, which was \$1.68 billion below the budgeted amount.

The 'Fiscal Deficit' was \$36.57 billion, relative to a 'Projected Deficit' of \$44.88 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$75.39 billion, relative to the 'Budgeted Primary Surplus Balance' of \$65.20 billion.

At the end of November 2023, Jamaica's Public Debt stock stood at \$2.22 trillion. This reflected decreases in both Central Government debt 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 Q1	April Q2	July Q3	October Q4	Labour Force	January Q1	April Q2	July Q3	October Q4
2014	13.4	13.6	13.8	14.2	2014	1,305,100	1,311,100	1,304,000	1,310,200
2015	14.2	13.2	13.1	13.5	2015	1,320,200	1,300,400	1,320,700	1,325,400
2016	13.3	13.7	12.9	12.9	2016	1,342,000	1,353,900	1,363,200	1,354,100
2017	12.7	11.3	11.3	10.4	2017	1,356,300	1,369,100	1,371,200	1,346,000
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	1,351,700	1,360,800	1,345,100
2020	7.3	na	12.6	10.7	2020	1,369,500	na	1,283,300	1,297,700
2021	8.9	9.0	8.5	7.1	2021	1,315,800	1,325,400	1,327,500	1,329,100
2022	6.2	6.0	6.6	na	2022	1,340,600	1,350,300	1,357,700	na
2023	na	4.5	4.5		2023	na	1,373,800	1,377,300	

The Statistical Institute of Jamaica (STATIN) reported that the unemployment rate was 4.5% in July 2023, 2.1 percentage points lower than in July of the previous year. There were 1,315,100 employed persons, an increase of 47,100 persons compared to the similar quarter of 2022. There were 25,700 more employed females, representing 54.6% of the total increase in employment. More females were employed in the occupation groups 'Service Workers and Shop and Market Sales Workers' and 'Clerks'.

PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

Producer Price Index:

For November 2023, an increase in output prices was realized for the Mining and Quarrying industry (0.4%), while output prices for the Manufacturing industry declined by 0.7%.

The upward movement in the index for Mining and Quarrying was primarily due to the 'Bauxite Mining & Alumina Processing' major group, which registered a 0.4% increase in its index.

The main contributor to the decline in the Manufacturing index was a 4.0% fall in the index for the 'Refined Petroleum Products' major group following a decline in petrol prices. However, this was tempered by a 0.2% rise in the index for the 'Food, Beverages and Tobacco' major group.

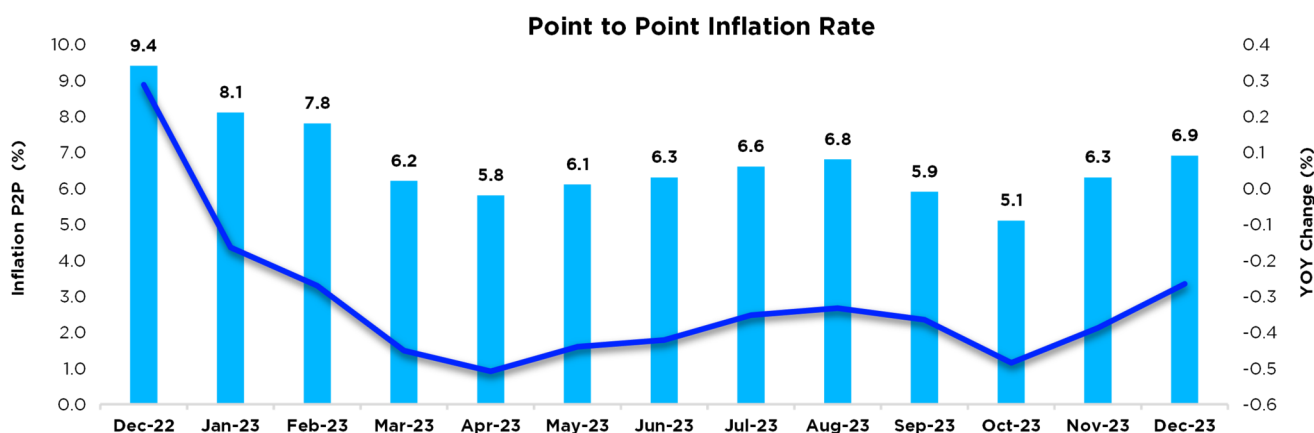
The Mining & Quarrying index rose by 4.7% from November 2022 to November 2023, owing primarily to the 'Bauxite Mining & Alumina Processing' major group (4.6%). The Manufacturing index rose by 2.1% over the same period resulting largely from the major groups: 'Food, Beverages & Tobacco' (2.3%), 'Refined Petroleum Products' (2.6%), and 'Other Manufacturing n.e.c' (10.1%). This was tempered by a 4.3% decline in the index of the major group: 'Fabricated Metal Products excl. Machinery & Equipment' over the same period.

Consumer Price Index:

The Statistical Institute of Jamaica (STATIN) reported that for December 2023, the point-to-point inflation rate was +6.9%; 0.6 percentage points higher than the prior point-to-point inflation rate. However, for the month of December 2023, the inflation rate was +0.5%.

The main driver of the monthly increase (0.5%) was a 2.5% rise in the index for the 'Housing, Water, Electricity, Gas and Other Fuels' division, owing to higher rent, electricity, water, and sewage rates. Another contributor to the increase was a 0.3% rise in the index for the 'Food and Non-Alcoholic Beverages' division due mainly to increases in the classes: 'Ready-made food and other food products n.e.c' (4.2%) and 'Fruit and nuts' (1.8%). The monthly increase was tempered by a 0.4% fall in the index for the 'Transport' division, owing to lower fuel prices.

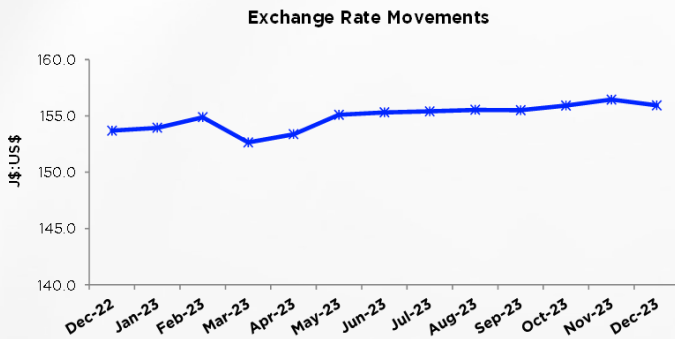
The upward movement in All Items (6.9%) between December 2022 and December 2023 was mostly related to increases in the divisions: 'Food and Non-Alcoholic Beverages' (8.7%), 'Transport' (10.6%) and 'Restaurants and Accommodation Services' (9.4%).



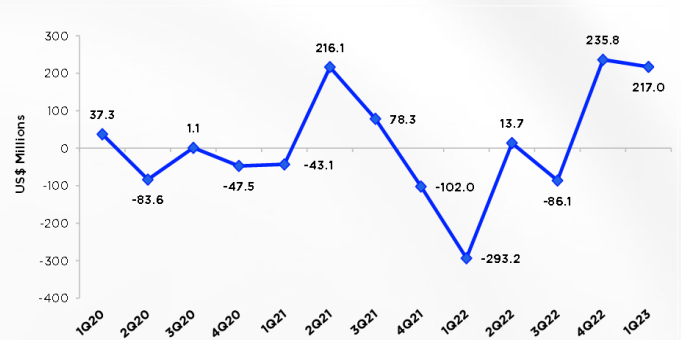
FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar (JMD) appreciated against the USD for the month of December 2023. The JMD appreciated by \$0.51 to close the month at an average of \$155.94 relative to the \$156.45 recorded in November 2023. Year over year, the JMD has depreciated by approximately 1.46%.



CURRENT ACCOUNT BALANCE



The September 2023 current account surplus is expected to be 0.6% of GDP, which according to BOJ is better than the deficit recorded for the September 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 CA is predicted to worsen to a deficit, averaging between 0.5% to 1.0% of GDP in FY2023/24 to FY2024/25. For the FY2025/26 to FY2028/29, the CA balance is expected to gradually improve, ranging between a deficit of 0.8% to a surplus of 0.4% of GDP.

The improvement in the CA over prior prediction is largely due to increased travel inflows, higher net remittance inflows and lower investment outflows.



FOREIGN EXCHANGE MARKET

INTERNATIONAL FOREX

GBP/USD: The pair closed at **\$1.27253** for the month of December 2023. According to FX Empire, "The GBP/USD pair is currently trading at 1.27158, showing a modest increase of 0.10%. Technical analysis of the 4-hour chart indicates a key pivot point at \$1.27200. If the pair maintains above this level, it could approach an immediate resistance at \$1.27403. Further resistances are seen at \$1.27829 and \$1.28263."

EUR/USD: For December 2023, the EUR/USD pair closed at **\$1.10475**. According to FX empire, "The Euro did very little during the trading session on Monday, which makes quite a bit of sense considering there is almost nothing in the way of economic announcements during the day that could capture headlines."

December 1 - 31, 2023				
Currency Pair	Open	High	Low	Close
GBP/USD	\$1.27	\$1.28	\$1.25	\$1.27
USD/CAD	\$1.35	\$1.36	\$1.32	\$1.32
EUR/USD	\$1.09	\$1.12	\$1.07	\$1.10
USD/JPY	\$146.81	\$147.50	\$140.25	\$140.88

The CAD appreciated against the USD during the month of December 2023 by 1.99% to close at \$1.32. Similarly, the JPY appreciated against the USD during the month of December by 4.04% to close at \$140.88.

MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	Aug-22	Jun-23	Aug-23
Total Money Supply (M2*)	8.80	10.50	11.20
Money Supply (M2J)	7.70	15.50	14.80
Money Supply (M1J)	7.80	14.90	15.10
Currency with the public	5.80	18.50	16.50
Demand Deposits	9.20	12.30	14.20
Quasi Money	7.70	16.10	14.60
Savings Deposits	7.30	5.20	14.80
Time Deposits	9.60	66.90	13.50
Foreign Currency Deposits	10.80	2.30	5.20

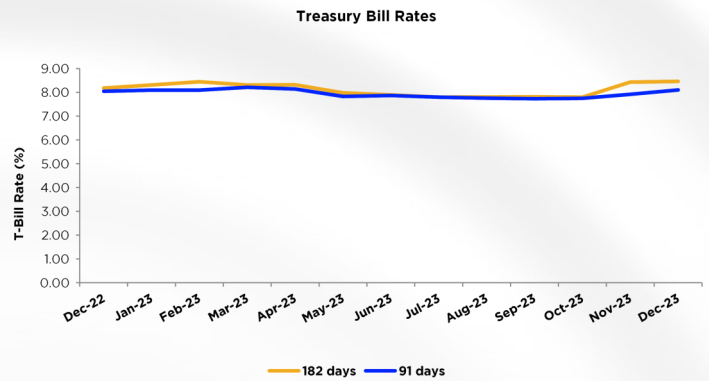
According to the latest data available from the Bank of Jamaica's quarterly report, M2J expanded 14.8% in August 2023, driven by increases in currency in circulation (16.5%) and local currency deposits (14.4%) relative to the respective growth rates of 18.5% and 14.7% in June 2023. The ongoing development in deposits was seen in the rise of savings, demand, and time deposits. Savings deposits grew by 14.8%, while demand and time deposits climbed by 14.2%, and 13.5%, respectively.

Additionally, M2J is expected to grow at an average annual rate of 9.8% during the next eight quarters, in line with the 9.5% 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 currency redemption, which returns to normal in the December 2023 quarter, is predicted to cause currency in circulation to be slightly lower than planned during the later half of the year.



Treasury Bills:

For the month of December 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\$4.83 billion; J\$2.01 billion for the 91-day T-Bill, and J\$2.81 billion for the 182-day T-Bill. The 91-day T-Bill auction resulted in the average yield of 8.10%, up 19.02 basis points compared to November 2023. The 182-day T-Bill auction resulted in the average yield of 8.46%, up 3.13 basis points relative to the prior month. The average yield on the 91-day T-Bill rose by 6.01 basis points compared to the auctions in 2022 for the comparable period. The 182-day T-Bill went up by 28.05 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
1-Dec-23	28 Days	7.50%	N/A	Fixed	29-Dec-23
8-Dec-23	28 Days	7.50%	N/A	Fixed	5-Jan-24
15-Dec-23	28 Days	7.50%	N/A	Fixed	12-Jan-24
22-Dec-23	28 Days	7.50%	N/A	Fixed	19-Jan-24
29-Dec-23	28 Days	7.50%	N/A	Fixed	26-Jan-24

The Bank of Jamaica issued five 28-day Certificates of Deposit (CDs) in the month of December.



TOURISM

Country	Stopover Arrivals by Market Region				
	August	Share	August	Share	Change
	2023	%	2022	%	%
U.S.A.	189,658	77.6%	166,246	76.0%	14.1%
Canada	21,377	8.7%	20,761	9.5%	3.0%
Europe	23,919	9.8%	24,127	11.0%	-0.9%
Latin America	2,315	0.9%	1,715	0.8%	35.0%
Caribbean	6,257	2.6%	5,373	2.5%	16.5%
Asia	405	0.2%	273	0.1%	48.4%
Others	419	0.2%	354	0.2%	18.4%
Total	244,350	100.0%	218,849	100.0%	11.7%

According to the latest data from the Jamaica Tourist Board, total stopover arrivals in August 2023 amounted to 244,350, an 11.7% increase when compared to the 218,849 recorded in August 2022.

Stopover arrivals from the U.S. market totalled 189,658 in August 2023, while there were 166,246 arrivals in August 2022.

The Canadian market arrivals amounted to 21,377 relative to the 20,761 a year prior.

The European market region recorded a total of 23,919 stopover arrivals in August 2023 when compared to the 24,127 in August 2022.

Arrivals from the Caribbean totalled 6,257 stopovers in comparison to the 5,373 in August 2022.



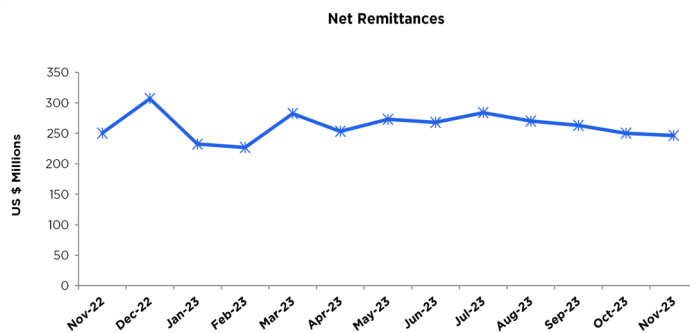
REMITTANCE

The latest data from the Bank of Jamaica (BOJ), for November 2023, showed that total remittance inflows amounted to US\$268.0 million (2022: US\$277.4 million), while outflows totalled US\$21.6 million (2022: US\$27.2 million).

Net remittances were US\$246.4 million, a decrease of US\$3.9 million (1.6%) relative to US\$250.2 million reported for the corresponding month of 2022.

Total remittance inflows from April to November 2023 amounted to US\$2,263.6 million. This outturn represented a decline of 2.5% relative to April to November 2022.

The largest source market of remittances to the island in November 2023 continued to be the USA with a share of 68.6%, down from the 70.2% recorded for November 2022. The remaining remittances during the month came from UK (10.6%), followed by Canada (10.1%) and the Cayman Islands (6.5%).



NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica's Net International Reserves (NIR) as at December 31, 2023 stood at US\$4,748.14 million, reflecting an increase of US\$150.55 million when compared to the US\$4,597.58 million reported at the end of November 2023.

Foreign Assets totalled US\$4,858.54 million, US\$131.33 million more than the US\$4,727.21 million reported in November 2023.

'Currency & Deposits' held by the BOJ as at December 31, 2023 totalled US\$3,162.43 million, reflecting an increase of US\$120.70 million compared to the US\$3,041.73 million reported in November 2023.

'Securities' were valued at US\$1,579.20 million; US\$9.90 million more than the US\$1,569.30 million reported at the end of November 2023. The country's Special Drawing Rights rose to US\$80.22 million relative to the US\$79.71 million recorded a month prior.

'IMF Reserve Position' rose to US\$36.69 million from the US\$36.46 million reported last month. Liabilities to the IMF fell US\$19.22 million to US\$110.41 million against the US\$129.63 million reported at the end of November 2023.

At its current value, the nation's international reserve is US\$771.89 million or 19% higher than the US\$3,976.25 million held by the BOJ on December 31, 2022. The current NIR supports approximately 34.82 weeks of goods imports and 23.89 weeks of goods and services imports.

