



MONTHLY ECONOMIC REVIEW

MARCH 2024

Prepared by: Research Department

LOCAL ECONOMY

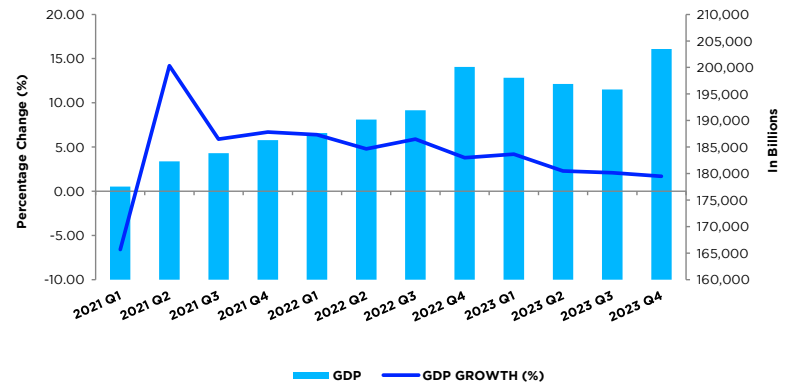
GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica (STATIN), Jamaica's economy expanded by 1.7% in Q4 2023.

STATIN reported a 1.7% increase in Jamaica's total value added at constant prices in the fourth quarter of 2023 compared to the same quarter of 2022. The Services Industries grew by 2.0%, while the Goods Producing Industries grew by 0.8%.

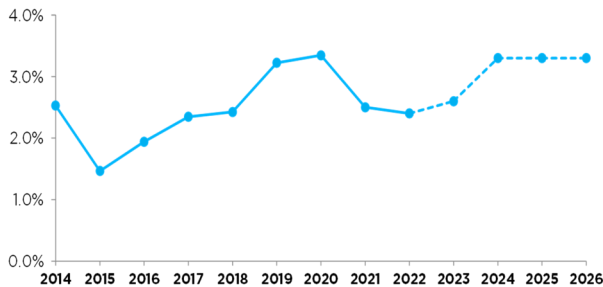
The Services Industries experienced overall growth, except for Producers of Government Services, which declined by 0.4%. Sectors experiencing notable improvement included Hotels & Restaurants (8.3%), Transport, Storage & Communication (2.1%), Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (1.0%), Other Services (1.1%), Finance & Insurance Services (3.6%), Real Estate, Renting & Business Activities (1.3%), and Electricity & Water Supply (5.2%). Growth in the Goods Producing Industries was driven by increased output in Agriculture, Forestry & Fishing (2.6%), Manufacturing (0.3%), and Mining & Quarrying (21.5%). However, the Construction industry experienced a 3.8% decline in value added due to a reduction in building construction.

GDP



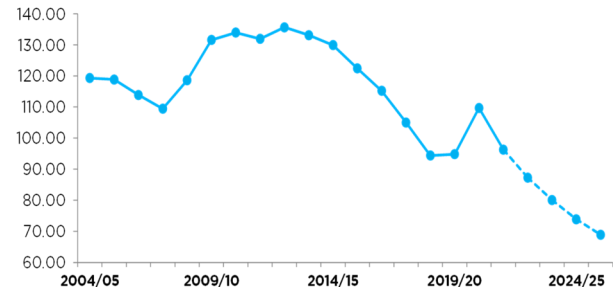
CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



DEBT TO GDP

Total Debt to GDP (%)



Total Expenditure for the period April to February 2024 amounted to \$838.53 billion, \$8.28 billion less than the budgeted amount of \$846.82 billion.

Recurrent Expenditure, which totalled \$790.13 billion, accounted for 94% of overall expenditures. All categories under Recurrent Expenditure for the review period were below the Government's projections: 'Programmes' totalled \$264.83 billion (-\$3.68 billion), 'Compensation of Employees' totalled \$368.01 billion (-\$2.62 billion) and 'Interest' totalled \$157.28 billion (-\$414.60 million).

Capital Expenditure amounted to \$48.40 billion, which was \$1.56 billion below the budgeted amount.

The 'Fiscal Deficit' was \$44.45 billion, relative to a 'Projected Deficit' of \$59.66 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$112.83 billion, relative to the 'Budgeted Primary Surplus Balance' of \$98.03 billion.

At the end of February 2024, Jamaica's Public Debt stock stood at \$2.20 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, with real GDP projected to expand by 1.8% in FY2024/25 and within the range of 1.5% to 2.0% in the outer years. Over the medium term, the debt management strategy will continue to focus on realigning the debt portfolio in favour of local currency and consequently, further mitigate foreign exchange risk. For end-FY 2024/25, a debt-to-GDP ratio of 67.3% is projected and is expected to continue on a downward trajectory throughout the medium term. 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-FY2027/28.



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	1,328,700
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	4.2	2023	na	1,373,800	1,377,300	1,377,600

The Statistical Institute of Jamaica (STATIN) reported that the unemployment rate was 4.2% in October 2023, 2.9 percentage points lower than in October of 2021. There were 1,320,400 employed persons, an increase of 85,600 persons compared to the similar quarter of 2021. There were 45,600 more employed females, representing 53.3% of the total increase in employment. More females were employed in the occupation group 'Service Workers and Shop and Market Sales Workers', which exhibited the highest increase overall in employment.

PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

Producer Price Index:

For February 2024, increases in output prices were realized for both industries: Mining and Quarrying (0.1%) and Manufacturing (0.3%), according to the Statistical Institute of Jamaica (STATIN).

The upward movement in the index for Mining and Quarrying was primarily due to the 'Bauxite Mining & Alumina Processing' major group, which registered a 0.1% increase in its index.

The main contributors to the rise in the Manufacturing index were: 'Food, Beverages and Tobacco' (0.2%) and 'Refined Petroleum Products' (1.3%).

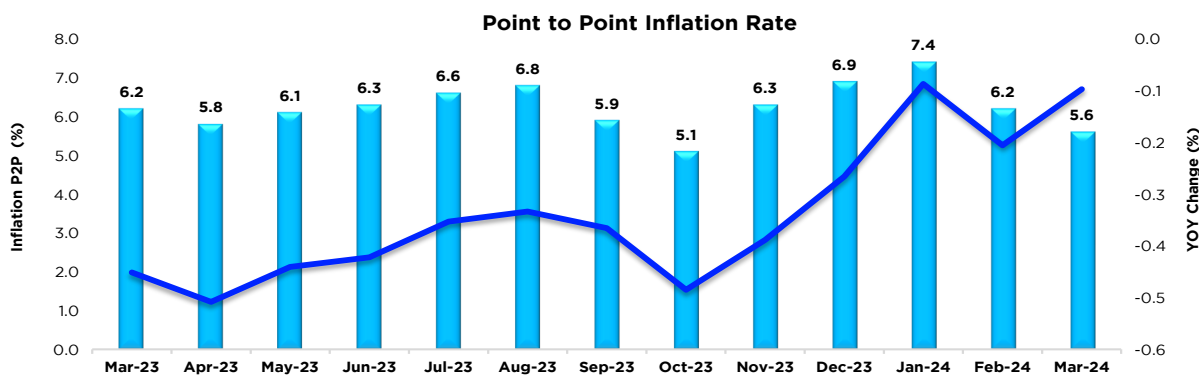
The Mining & Quarrying index declined by 7.2% from February 2023 to February 2024, owing largely to a decline in the index for the 'Bauxite Mining & Alumina Processing' major group (7.6%). The Manufacturing index rose by 2.1% over the same period resulting from increases in the major groups: 'Refined Petroleum Products' (5.3%), and 'Food, Beverages & Tobacco' (1.5%).

Consumer Price Index:

The Statistical Institute of Jamaica (STATIN) reported that for March 2024, the point-to-point inflation rate was +5.6%; 0.6 percentage points lower than the prior point-to-point inflation rate. However, for the month of March 2024, the inflation rate was -0.5%, the third consecutive monthly decline.

The main driver of the monthly decrease (0.5%) was a 1.8% decline in the index for the 'Food and Non-Alcoholic Beverages' division owing to continued decreases in the prices of some agricultural produce, which drove the index for the 'Vegetables, tubers, plantains, cooking bananas and pulses' class down by 8.6%. The monthly decrease was tempered by a 0.9% rise in the index for the 'Housing, Water, Electricity, Gas and Other Fuels' division due to higher rates for electricity. An increase was also registered in the index for the 'Transport' division (0.2%) owing primarily to higher petrol prices.

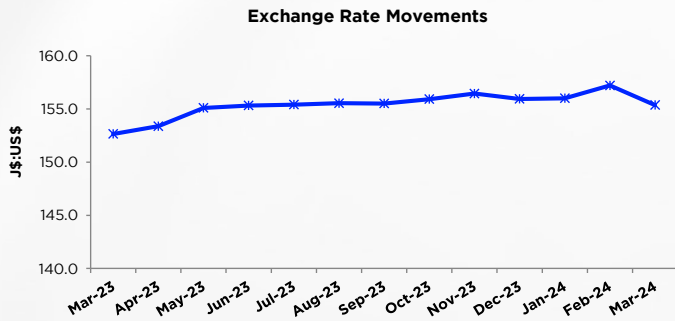
The upward movement in All Items (5.6%) between March 2023 and March 2024 was mainly impacted by the lower rate of increase for the heaviest weighted division: 'Food and Non-Alcoholic Beverages'. In March, the 'Food and Non-Alcoholic Beverages' division experienced a 4.8% increase relative to 7.7% in February. The movement in All Items was also related to increases in the divisions: 'Transport' (10.0%) and 'Housing, Water, Electricity, Gas and Other Fuels' (2.9%).



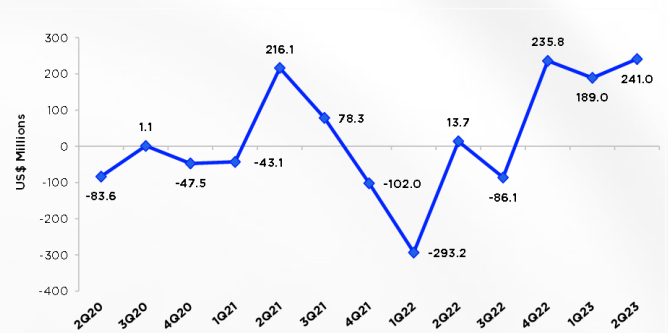
FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar (JMD) appreciated against the USD for the month of March 2024. The JMD appreciated by \$1.85 to close the month at an average of \$155.36 relative to the \$157.21 recorded in February 2024. Year over year, the JMD has depreciated by approximately 1.78%.



CURRENT ACCOUNT BALANCE



The December 2023 current account surplus is expected to be 0.3% of GDP, which according to BOJ is worse than the surplus recorded for the December 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 improve to a surplus ranging between 0.5% to 1.5% of GDP in FY2023/24 to FY2024/25. For FY2026/27 to FY2028/29, the CA balance is expected to gradually improve, ranging between a surplus of 0.5% to 1.5% of GDP.

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



FOREIGN EXCHANGE MARKET

INTERNATIONAL FOREX

GBP/USD: The pair closed at **\$1.2553** for the month of March 2024. According to FX Empire, "GBP/USD is trying to rebound from multi-month lows as traders take some profits off the table after the strong pullback. If GBP/USD settles back above the 1.2310 – 1.2335 level, it will head towards the resistance at 1.2425 – 1.2450."

EUR/USD: For March 2024, the EUR/USD pair closed at **\$1.0744**. According to FX Empire, "EUR/USD settled near the 1.0650 level after the release of the Euro Area Consumer Confidence report, which showed that Consumer Confidence improved from -14.9 in March to -14.7 in April. Analysts expected that Consumer Confidence would increase to -14.0, so the report missed expectations. If EUR/USD climbs above the 50 MA at 1.0665, it will move towards the resistance at 1.0700 – 1.0720."

March 1 - 31, 2024				
Currency Pair	Open	High	Low	Close
GBP/USD	\$1.27	\$1.29	\$1.25	\$1.26
USD/CAD	\$1.36	\$1.36	\$1.34	\$1.36
EUR/USD	\$1.08	\$1.10	\$1.07	\$1.07
USD/JPY	\$150.10	\$152.08	\$146.48	\$151.65

The CAD depreciated against the USD during the month of March 2024 by 0.14% to close at \$1.36. Similarly, the JPY depreciated against the USD during the month of March by 1.03% to close at \$151.65.

MONEY SUPPLY

Percentage Change (%)	Components of Money Supply (M2*)		
	Nov-22	Sep-23	Nov-23
Total Money Supply (M2*)	7.40	10.20	10.50
Money Supply (M2J)	5.90	14.30	15.80
Money Supply (M1J)	5.10	15.40	15.60
Currency with the public	1.70	15.90	16.80
Demand Deposits	7.70	15.10	14.80
Quasi Money	6.60	13.30	16.00
Savings Deposits	5.60	14.80	14.70
Time Deposits	10.50	7.20	21.10
Foreign Currency Deposits	10.10	3.10	1.60

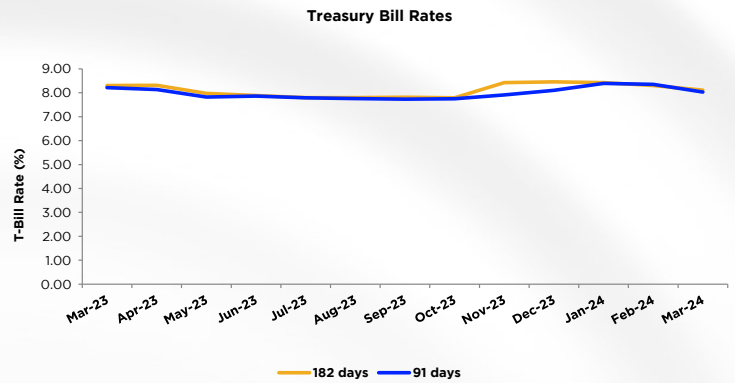
According to the latest data available from the Bank of Jamaica's quarterly report, M2J expanded 15.8% in November 2023, driven by increases in currency in circulation (16.8%) and local currency deposits (13.6%) relative to the respective growth rates of 15.9% and 14.1% in September 2023. The ongoing development in deposits was seen in the rise of savings, demand, and time deposits. Savings deposits grew by 14.7% relative to 14.8% in September 2023, while demand and time deposits climbed by 14.8%, and 21.1%, respectively, relative to the 15.1% and 7.2% growth rates in September 2023.

Additionally, M2J is expected to grow at an average annual rate of 11.7% during the next eight quarters, exceeding the 9.3% previously projected. Over the short term, it is projected that the rate of broad money growth will partially be driven by a slower-than-anticipated decline in remittance inflows and robust improvement in economic activity and will reflect increases in currency in circulation and deposits made in local currency. Increased deposits are also anticipated to be influenced by increasing interest rates.



Treasury Bills:

For the month of March 2024, 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\$4.04 billion; J\$2.17 billion for the 91-day T-Bill, and J\$1.87 billion for the 182-day T-Bill. The 91-day T-Bill auction resulted in the average yield of 8.03%, down 32.33 basis points compared to February 2024. The 182-day T-Bill auction resulted in the average yield of 8.11%, down 18.78 basis points relative to the prior month. The average yield on the 91-day T-Bill declined by 18.38 basis points compared to the auctions in 2023 for the comparable period. The 182-day T-Bill went down by 19.16 basis points relative to the corresponding auctions in 2023. (Refer to the graph on the right).



OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest Payment/ Maturity Date
1-Mar-24	28 Days	7.50%	N/A	Fixed	28-Mar-24
8-Mar-24	28 Days	7.50%	N/A	Fixed	5-Apr-24
15-Mar-24	28 Days	7.50%	N/A	Fixed	12-Apr-24
22-Mar-24	28 Days	7.50%	N/A	Fixed	19-Apr-24
28-Mar-24	29 Days	7.50%	N/A	Fixed	26-Apr-24

The Bank of Jamaica issued five Certificates of Deposit (CDs) in the month of March; four 28-day CDs and one 29-day CD.



TOURISM

Country	Stopover Arrivals by Market Region				
	October 2023	Share %	October 2022	Share %	Change %
U.S.A.	144,402	73.3%	133,112	73.2%	8.5%
Canada	22,111	11.2%	20,143	11.1%	9.8%
Europe	21,127	10.7%	22,190	12.2%	-4.8%
Latin America	2,573	1.3%	2,047	1.1%	25.7%
Caribbean	5,825	3.0%	3,873	2.1%	50.4%
Asia	617	0.3%	288	0.2%	114.2%
Others	342	0.2%	316	0.2%	8.2%
Total	196,997	100.0%	181,969	100.0%	8.3%

According to the latest data from the Jamaica Tourist Board, total stopover arrivals in October 2023 amounted to 196,997, an 8.3% increase when compared to the 181,969 recorded in October 2022.

Stopover arrivals from the U.S. market totalled 144,402 in October 2023, while there were 133,112 arrivals in October 2022.

The Canadian market arrivals amounted to 22,111 relative to the 20,143 a year prior.

The European market region recorded a total of 21,127 stopover arrivals in October 2023 when compared to the 22,190 in October 2022.

Arrivals from the Caribbean totalled 5,825 stopovers in comparison to the 3,873 in October 2022.



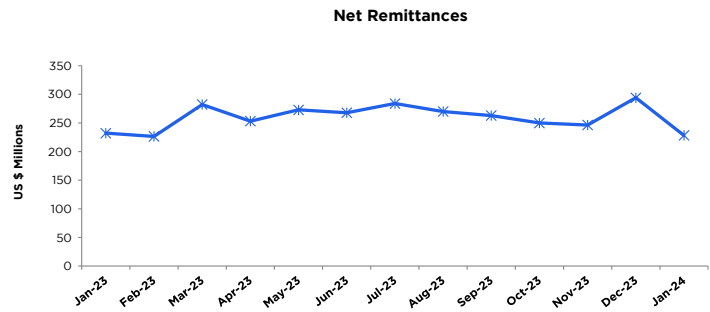
REMITTANCE

The latest data from the Bank of Jamaica (BOJ), for January 2024, showed that total remittance inflows amounted to US\$246.0 million (2023: US\$248.6 million), while outflows totalled US\$17.7 million (2023: US\$16.5 million).

Net remittances were US\$228.3 million, a decrease of US\$3.8 million (1.7%) relative to US\$232.2 million reported for the corresponding month of 2023.

Total remittance inflows from April to January 2024 amounted to US\$2,815.5 million. This outturn represented a decline of 2.8% relative to April to January 2023.

The largest source market of remittances to the island in January 2024 continued to be the USA with a share of 69.0%, down from the 70.9% recorded for January 2023. The remaining remittances during the month came from UK (11.1%), followed by Canada (8.8%) and the Cayman Islands (6.6%).



NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica's Net International Reserves as at March 31, 2024 stood at US\$5,137.29 million, reflecting an increase of US\$438.39 million when compared to the US\$4,698.90 million reported at the end of February 2024.

Foreign Assets totalled US\$5,231.75 million, US\$423.61 million more than the US\$4,808.15 million reported in February 2024.

'Currency & Deposits' held by the BOJ as at March 31, 2024 totalled US\$3,539.21 million, reflecting an increase of US\$420.11 million compared to the US\$3,119.10 million reported in February 2024.

'Securities' were valued at US\$1,598.22 million; US\$7.09 million more than the US\$1,591.13 million reported at the end of February 2024. The country's Special Drawing Rights fell to US\$58.13 million relative to the US\$61.60 million recorded a month prior.

'IMF Reserve Position' fell to US\$36.20 million from the US\$36.31 million reported last month. Liabilities to the IMF fell US\$14.78 million to US\$94.46 million against the US\$109.24 million reported at the end of February 2024.

Presently, the country's foreign exchange reserves are US\$984.93 million, or 24% more than the US\$4,152.36 million held by the BOJ at the end of March 2023. The current NIR supports approximately 39.40 weeks of goods imports and 26.40 weeks of goods and services imports.

