



MONTHLY ECONOMIC REVIEW

APRIL 2024

Prepared by: Research Department

LOCAL ECONOMY

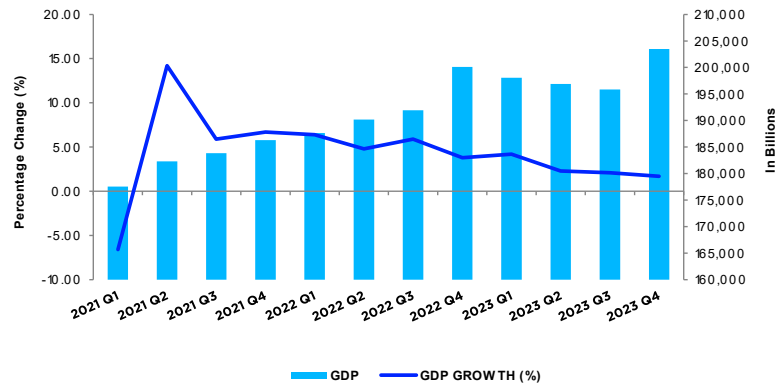
GROSS DOMESTIC PRODUCT

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%.

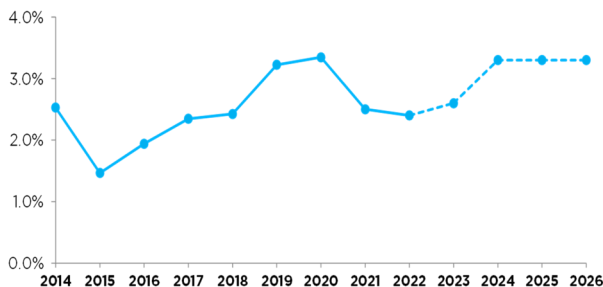
The Services Industries experienced overall growth, except for Producers of Government Services, which declined by 0.4%. Sectors experiencing notable improvement included Hotels & Restaurants (8.3%), Transport, Storage & Communication (2.1%), Wholesale & Retail Trade; Repairs; Installation of Machinery & 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 (%)



Total Expenditure for the period April to March 2024 amounted to \$924.11 billion, \$14.41 billion less than the budgeted amount of \$938.52 billion.

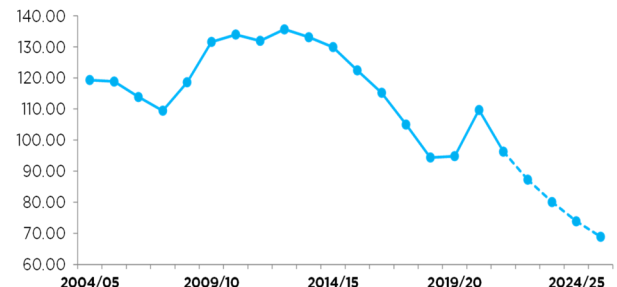
Recurrent Expenditure, which totalled \$868.25 billion, accounted for 94% of overall expenditures. All categories under Recurrent Expenditure for the review period were below the Government's projections: 'Programmes' totalled \$292.46 billion (-3.4%), 'Compensation of Employees' totalled \$403.62 billion (-0.1%) and 'Interest' totalled \$172.17 billion (-0.3% million).

Capital Expenditure amounted to \$55.86 billion, which was \$3.16 billion below the budgeted amount.

The 'Fiscal Surplus' was \$1.17 billion, relative to a 'Projected Surplus' of \$9.14 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$173.34 billion, relative to the 'Budgeted Primary Surplus Balance' of \$181.87 billion.

DEBT TO GDP

Total Debt to GDP (%)



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 | 12.3 | 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 March 2024, increases in output prices were realized for both industries: Mining and Quarrying (0.8%) and Manufacturing (0.1%), 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 0.8% 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' (0.6%).

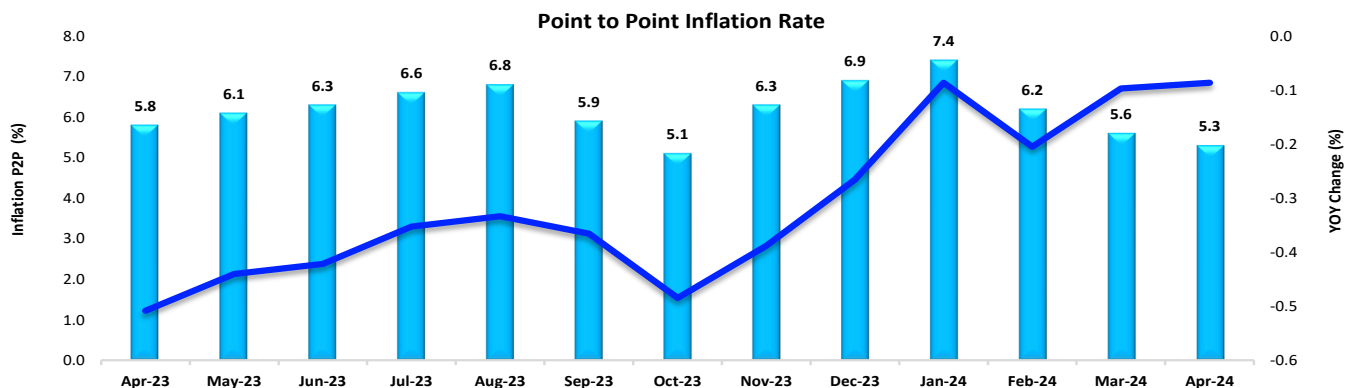
The Mining & Quarrying index declined by 7.1% from March 2023 to March 2024, owing largely to a decline in the index for the 'Bauxite Mining & Alumina Processing' major group (7.5%). The Manufacturing index rose by 2.2% over the same period resulting from increases in the major groups: 'Refined Petroleum Products' (7.7%), and 'Food, Beverages & Tobacco' (1.6%).

CONSUMER PRICE INDEX:

The Statistical Institute of Jamaica (STATIN) reported that for April 2024, the point-to-point inflation rate was +5.3%; 0.3 percentage points lower than the prior point-to-point inflation rate. However, for the month of April 2024, the inflation rate was -0.7%, the fourth consecutive monthly decline.

The main driver of the monthly decrease (0.7%) was a 2.3% decline in the index for the 'Housing, Water, Electricity, Gas and Other Fuels' division owing to lower electricity, water, and sewage rates. A 0.6% decline in the 'Food and Non-Alcoholic Beverages' division also contributed to the fall in the inflation rate, primarily influenced by the index for the 'Vegetables, tubers, plantains, cooking bananas and pulses' class falling by 3.7%. Additionally, the index for the 'Transport' division fell by 0.6 per cent reflecting the decline in 'Passenger Transport Services'.

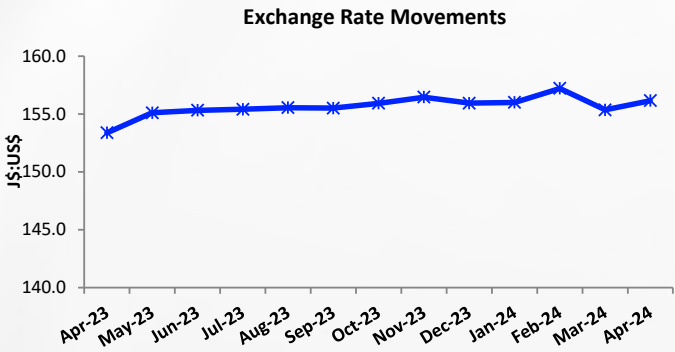
The upward movement in All Items (5.3%) between April 2023 and April 2024 was mainly impacted by a lower rate of increase in the following division: 'Food and Non-Alcoholic Beverages' (3.5%), 'Transport' (9.5%) and 'Housing, Water, Electricity, Gas and Other Fuels' (5.0%).



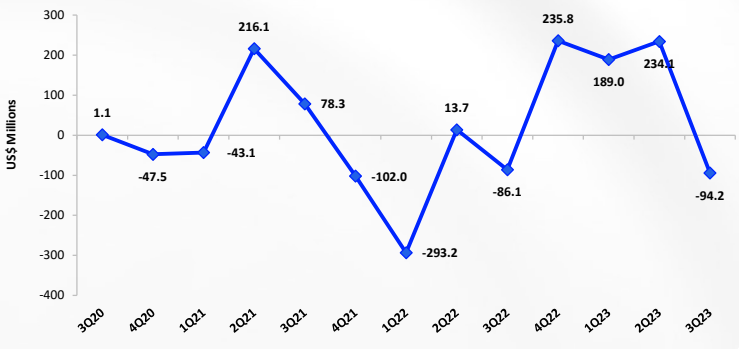
FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar (JMD) depreciated against the USD for the month of April 2024. The JMD depreciated by \$0.79 to close the month at an average of \$156.15 relative to the \$155.36 recorded in March 2024. Year over year, the JMD has depreciated by approximately 1.81%.



CURRENT ACCOUNT BALANCE



The March 2024 current account surplus is expected to be 1.0% of GDP, which according to BOJ is, broadly similar to the surplus recorded for the March 2023 quarter.

The current account (CA) is projected to be sustainable over the medium term. For FY2024/25 to FY2025/26, the CA is projected to reflect an average surplus of 0.4% of GDP, an improvement relative to the previous projection for a surplus of 0.2% of GDP and a moderation relative to the surplus in the range of 2.5% to 3.5% of GDP estimated for FY2023/24.

Over the medium-term, the CA is projected to record a lower surplus, relative to the previous forecasted surplus. During the period, the CA balance is projected to range between a surplus of 0.0% to 1.0% of GDP between FY2026/27 to FY2029/30. The lower CA balance relative to the previous projection is mainly due to an upward revision to central government outflows as well as a downward revision to exports.



FOREIGN EXCHANGE MARKET

INTERNATIONAL FOREX

GBP/USD: The pair closed at **\$1.24887** for the month of April 2024. According to FX Empire, “The outlook for GBP/USD remains bullish above the pivot point of \$1.27619. A break below this level could potentially lead to a sharp selling trend.”

EUR/USD: For April 2024, the EUR/USD pair closed at **\$1.06661**. According to FX Empire, “The outlook for EUR/USD remains bullish above the pivot point of \$1.08646, with a break below this level potentially leading to a sharp selling trend.”

| April 1 - 30, 2024 | | | | |
|--------------------|----------|----------|----------|----------|
| Currency Pair | Open | High | Low | Close |
| GBP/USD | \$1.26 | \$1.27 | \$1.23 | \$1.25 |
| USD/CAD | \$1.35 | \$1.39 | \$1.35 | \$1.38 |
| EUR/USD | \$1.08 | \$1.09 | \$1.06 | \$1.07 |
| USD/JPY | \$151.41 | \$160.33 | \$150.80 | \$157.75 |

The CAD depreciated against the USD during the month of April 2024 by 1.89% to close at \$1.38. Similarly, the JPY depreciated against the USD during the month of April by 4.19% to close at \$157.75.



MONEY SUPPLY

| Components of Money Supply (M2*) | | | |
|----------------------------------|--------|--------|--------|
| Percentage Change (%) | Feb-23 | Dec-23 | Feb-24 |
| Total Money Supply (M2*) | 6.90 | 10.50 | 10.00 |
| Money Supply (M2J) | 8.30 | 15.00 | 14.20 |
| Money Supply (M1J) | 8.10 | 15.70 | 12.60 |
| Currency with the public | 7.10 | 18.10 | 15.20 |
| Demand Deposits | 8.80 | 13.90 | 10.80 |
| Quasi Money | 8.50 | 14.20 | 15.70 |
| Savings Deposits | 7.40 | 12.90 | 13.90 |
| Time Deposits | 13.70 | 20.00 | 23.80 |
| Foreign Currency Deposits | 4.60 | 2.60 | 2.80 |

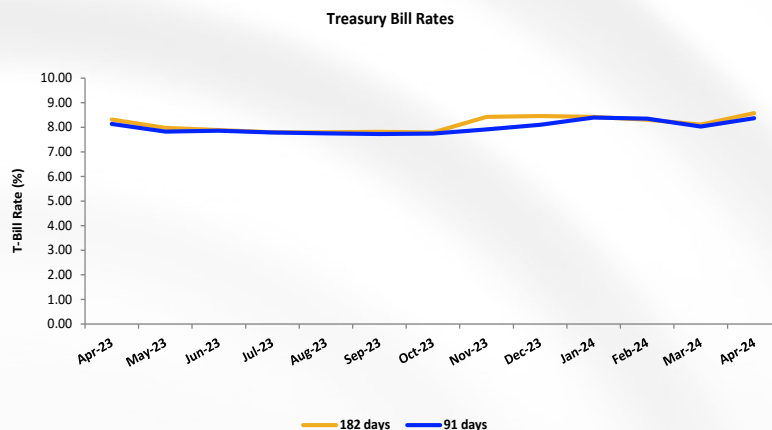
According to the latest data available from the Bank of Jamaica’s quarterly report, M2J expanded 14.2% in February 2024, driven by increases in currency in circulation (15.2%) and local currency deposits (14.0%) relative to the respective growth rates of 18.1% and 14.1% in December 2023. The ongoing development in deposits was seen in the rise of savings, demand, and time deposits. Savings deposits grew by 23.8% relative to 20.0% in December 2023, while demand and time deposits climbed by 13.9%, and 10.8%, respectively, relative to the 12.9% and 13.9% growth rates in December 2023.

Additionally, M2J is expected to grow at an average annual rate of 10.7% during the next eight quarters, below the 11.5% previously projected. The projected growth in broad money reflects expansions in currency in circulation and local currency deposits, supported by positive growth in economic activity and remittance inflows.



TREASURY BILLS:

For the month of April 2024, 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\$3.90 billion; J\$1.38 billion for the 91-day T-Bill, J\$1.31 billion for the 182-day T-Bill, and J\$1.20 billion for the 273-day T-Bill. The 91-day T-Bill auction resulted in the average yield of 8.37%, up 33.92 basis points compared to March 2024. The 182-day T-Bill auction resulted in the average yield of 8.57%, up 45.77 basis points relative to the prior month. The average yield on the 91-day T-Bill rose by 23.11 basis points compared to the auctions in 2023 for the comparable period. The 182-day T-Bill went up by 59.72 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 |
|------------|-------------------|------------------|----------------|-----------|------------------------------------|
| 5-Apr-24 | 28 Days | 7.50% | N/A | Fixed | 3-May-24 |
| 12-Apr-24 | 28 Days | 7.50% | N/A | Fixed | 10-May-24 |
| 19-Apr-24 | 28 Days | 7.50% | N/A | Fixed | 17-May-24 |
| 24-Apr-24 | 2 Years, 1 Month | 8.50% | N/A | Fixed | 10-Jun-26 |
| 26-Apr-24 | 28 Days | 7.50% | N/A | Fixed | 24-May-24 |
| 30-Apr-24 | 7 Years, 7 Months | 9.625% | N/A | Fixed | 21-Nov-31 |

The Bank of Jamaica issued four 28-day CDs, one 2-year-and-1-month CD, and one 7-year-and-7-months Fixed Rate Benchmark Investment Note* in the month of April.

*The first interest payment will become due and payable on May 23, 2024. Thereafter; interest will be due and payable half-yearly on November 23 and May 23, at the fixed interest rate of 9.625% p.a., until maturity on November 21, 2031.



TOURISM

| Country | Stopover Arrivals by Market Region | | | | |
|---------------|------------------------------------|---------------|----------------|---------------|-------------|
| | November 2023 | Share % | November 2022 | Share % | Change % |
| U.S.A. | 155,868 | 70.0% | 144,242 | 69.6% | 8.1% |
| Canada | 34,082 | 15.3% | 33,003 | 15.9% | 3.3% |
| Europe | 23,812 | 10.7% | 23,483 | 11.3% | 1.4% |
| Latin America | 2,667 | 1.2% | 1,822 | 0.9% | 46.4% |
| Caribbean | 4,938 | 2.2% | 3,834 | 1.9% | 28.8% |
| Asia | 780 | 0.4% | 367 | 0.2% | 112.5% |
| Others | 368 | 0.2% | 417 | 0.2% | -11.8% |
| Total | 222,515 | 100.0% | 207,168 | 100.0% | 7.4% |

According to the latest data from the Jamaica Tourist Board, total stopover arrivals in November 2023 amounted to 222,515, a 7.4% increase when compared to the 207,168 recorded in November 2022.

Stopover arrivals from the U.S. market totalled 155,868 in November 2023, while there were 144,242 arrivals in November 2022.

The Canadian market arrivals amounted to 34,082 relative to the 33,003 a year prior.

The European market region recorded a total of 23,812 stopover arrivals in November 2023 when compared to the 23,483 in November 2022.

Arrivals from the Caribbean totalled 4,938 stopovers in comparison to the 3,834 in November 2022.



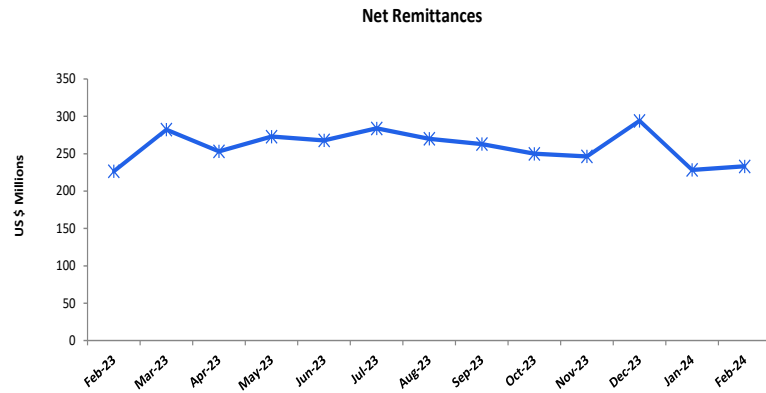
REMITTANCE

The latest data from the Bank of Jamaica (BOJ), for February 2024, showed that total remittance inflows amounted to US\$253.6 million (2023: US\$250.4 million), while outflows totalled US\$20.4 million (2023: US\$19.9 million).

Net remittances were US\$233.1 million, an increase of US\$2.6 million (1.1%) relative to US\$230.5 million reported for the corresponding month of 2023.

Total remittance inflows from April to February 2024 amounted to US\$3,069.1 million. This outturn represented a decline of 2.4% relative to April to February 2023.

The largest source market of remittances to the island in February 2024 continued to be the USA with a share of 69.6%, down from the 71.7% recorded for February 2023. The remaining remittances during the month came from UK (10.8%), followed by Canada (8.5%) and the Cayman Islands (6.8%).



NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica's Net International Reserves as at April 30, 2024 stood at US\$5,102.29 million, reflecting a decrease of US\$35.00 million when compared to the US\$5,137.29 million reported at the end of March 2024.

Foreign Assets totalled US\$5,196.37 million, US\$35.39 million less than the US\$5,231.75 million reported in March 2024.

'Currency & Deposits' held by the BOJ as at April 30, 2024 totalled US\$3,507.96 million, reflecting an decrease of US\$31.25 million compared to the US\$3,539.21 million reported in March 2024.

'Securities' were valued at US\$1,594.47 million; US\$3.75 million less than the US\$1,598.22 million reported at the end of March 2024. The country's Special Drawing Rights fell to US\$57.89 million relative to the US\$58.13 million recorded a month prior.

'IMF Reserve Position' fell to US\$36.05 million from the US\$36.20 million reported last month. Liabilities to the IMF fell US\$0.39 million to US\$94.07 million against the US\$94.46 million reported at the end of March 2024.

Presently, the country's foreign exchange reserves are US\$930.46 million, or 22% more than the US\$4,171.83 million held by the BOJ at the end of April 2023. The current NIR supports approximately 37.51 weeks of goods imports and 25.78 weeks of goods and services imports.

