



MONTHLY ECONOMIC REVIEW

MAY 2024

Prepared by: Research Department

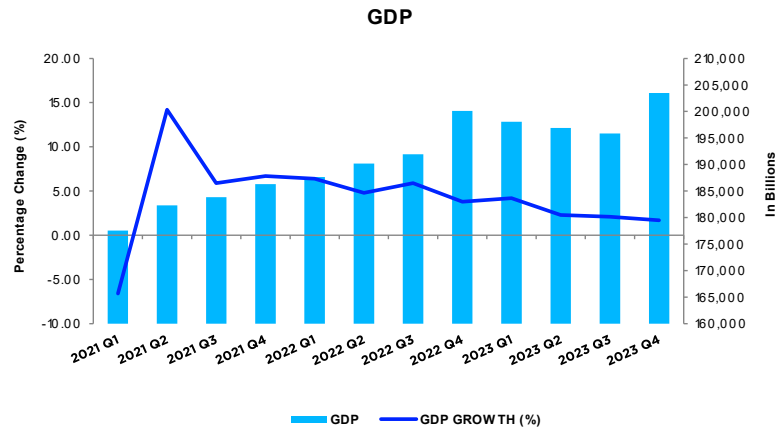
LOCAL ECONOMY

GROSS DOMESTIC PRODUCT

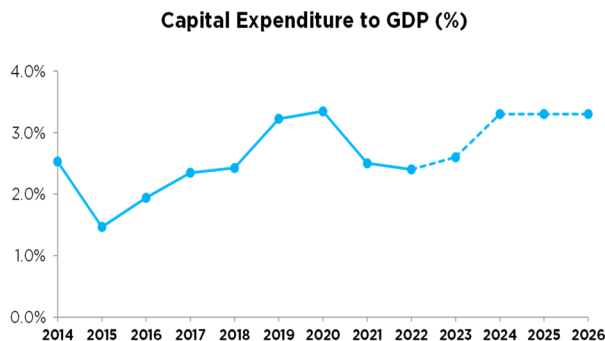
According to the Statistical Institute of Jamaica (STATIN), Jamaica's economy expanded by 1.7% in Q4 2023.

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.



CAPITAL EXPENDITURE TO GDP

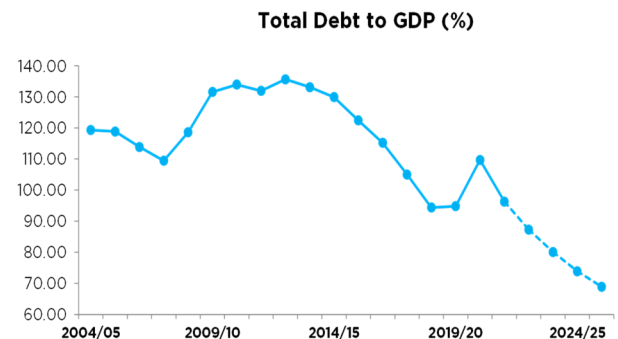


Total Expenditure for the period April 2024 amounted to \$86.25 billion, \$8.61 billion less than the budgeted amount of \$94.87 billion. Recurrent expenditure, which totalled \$82.48 billion, accounted for 96% of overall expenditures.

Under the recurrent expenditure categories for the review period, all categories were below the budgeted amount. 'Interest' totalled \$13.48 billion (10.4% below the budgeted amount), 'Programmes' amounted to \$30.80 billion (15.7% below the budgeted amount). 'Compensation of Employees' totalled \$38.20 billion, \$1.23 billion below the budgeted amount. 'Wages & Salaries' totalled \$36.20 billion, \$554.40 million below the budgeted amount of \$36.76 billion. 'Employee Contribution' totalled \$2.00 billion, which was \$679 million below the budgeted amount.

The 'Fiscal Deficit' was \$17.72 billion, relative to a 'Projected Deficit' of \$29.68 billion. Additionally, the 'Primary Deficit Balance' for the period amounted to \$4.24 billion, relative to the 'Budgeted Primary Deficit Balance' of \$16.19 billion.

DEBT TO GDP



At the end of March 2024, Jamaica's Public Debt stock stood at \$2.22 trillion. This reflected an increase in Central Government debt and a decline in 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 April 2024, a decrease in output prices was realized for Mining and Quarrying industry (1.1%), an increase was recorded for the Manufacturing industry (0.4%), according to the Statistical Institute of Jamaica (STATIN).

The downward movement in the index for Mining and Quarrying was primarily due to the 'Bauxite Mining & Alumina Processing' major group, which registered a 1.2% fall in its index.

The main contributors to the rise in the Manufacturing index was 'Refined Petroleum Products' (2.0%).

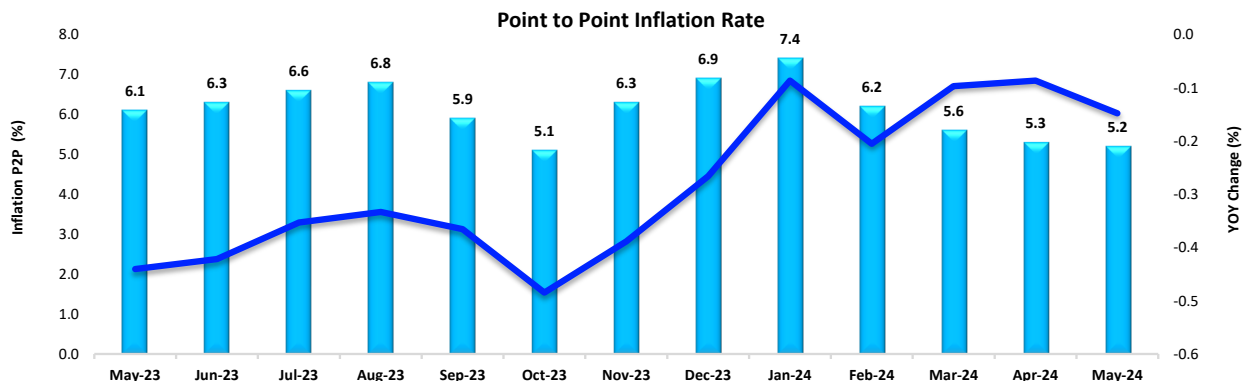
The Mining & Quarrying index declined by 2.6% from April 2023 to April 2024, owing largely to a decline in the index for the 'Bauxite Mining & Alumina Processing' major group (2.8%). The Manufacturing index rose by 2.1% over the same period resulting from increases in the major groups: 'Refined Petroleum Products' (7.9%), and 'Food, Beverages & Tobacco' (1.1%).

Consumer Price Index:

The Statistical Institute of Jamaica (STATIN) reported that for May 2024, the point-to-point inflation rate was +5.2%; 0.1 percentage points lower than the prior point-to-point inflation rate. However, for the month of May 2024, The All-Jamaica Consumer Price Index (CPI) increased by 0.5%.

The main driver of the monthly increase (0.5%) was a 1.1% increase in the index of the 'food and Non-Alcoholic Beverages' division, influenced mainly by the 'Vegetables, tubers, plantains, cooking bananas and pulses' class rising by 5.2%. This was attributed to increased prices for certain agricultural products, primarily vegetables, due to reduced supplies caused by dry weather conditions. Additionally, a 0.6% increase in the index for the 'Housing, Water, Electricity, Gas and Other Fuels' division also contributed to the rise in the inflation rate, owing to higher electricity prices. However, the inflation rate was slightly tempered by the index for the 'Transport' division, which fell by 0.1% due to lower petrol prices.

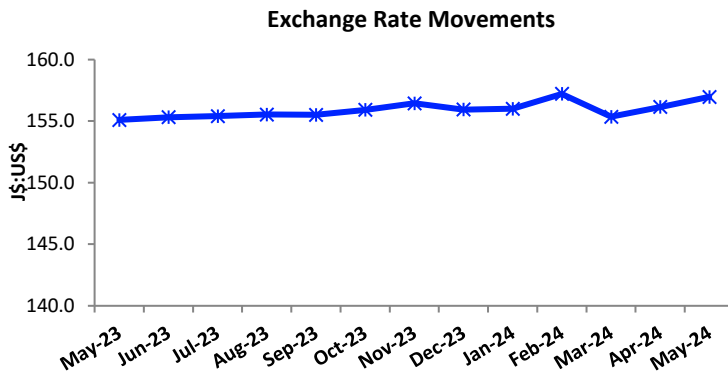
The 0.1% downward movement in the inflation rate to 5.2% between May 2023 and May 2024, relative to April 2023 and April 2024 was primarily influenced by a lower rate of increase the following divisions: 'Food and Non-Alcoholic Beverages' (3.9%), 'Transport' (9.7%) and 'Housing, Water, Electricity, Gas and Other Fuels' (3.8%).



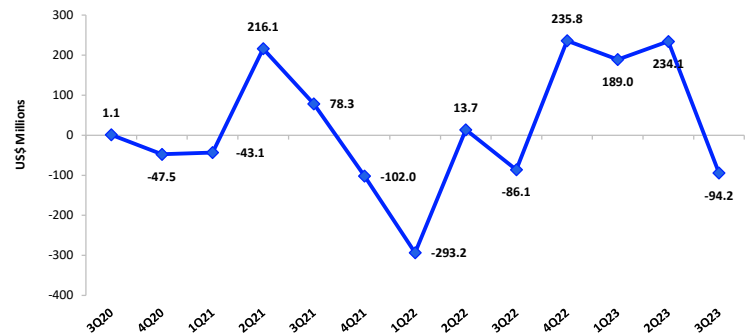
FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar (JMD) depreciated against the USD for the month of May 2024. The JMD depreciated by \$0.82 to close the month at an average of \$156.97 relative to the \$156.15 recorded in April 2024. Year over year, the JMD has depreciated by approximately 1.21%.



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 **\$1.27417** for the month of May 2024. According to FX Empire, “Sterling showed resilience amid broader market movements, highlighting investor confidence possibly influenced by stable UK economic data and market positioning ahead of significant global political events. The pound’s performance will be closely watched as the British economy navigates post-Brexit adjustments and macroeconomic challenges.”

EUR/USD: For May 2024, the EUR/USD pair closed at **\$1.0848**. According to FX Empire, “The euro experienced a boost amid defensive positioning ahead of the French election and the first U.S. presidential debate. Despite recent gains, it remains under pressure for June. Political uncertainty looms as the far-right National Rally leads polls, potentially influencing market sentiment. The euro’s movement reflects market jitters about European political stability and its economic implications. Traders are closely monitoring these developments, as the outcome may impact fiscal policies and the euro’s strength against other currencies.”

May 1 - 31, 2024				
Currency Pair	Open	High	Low	Close
GBP/USD	\$1.25	\$1.28	\$1.24	\$1.27
USD/CAD	\$1.38	\$1.38	\$1.35	\$1.36
EUR/USD	\$1.07	\$1.09	\$1.06	\$1.08
USD/JPY	\$157.75	\$157.99	\$151.86	\$157.25

The CAD appreciated against the USD during the month of May 2024 by 1.10% to close at \$1.36. Similarly, the JPY appreciated against the USD during the month of May by 0.32% to close at \$157.25.

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

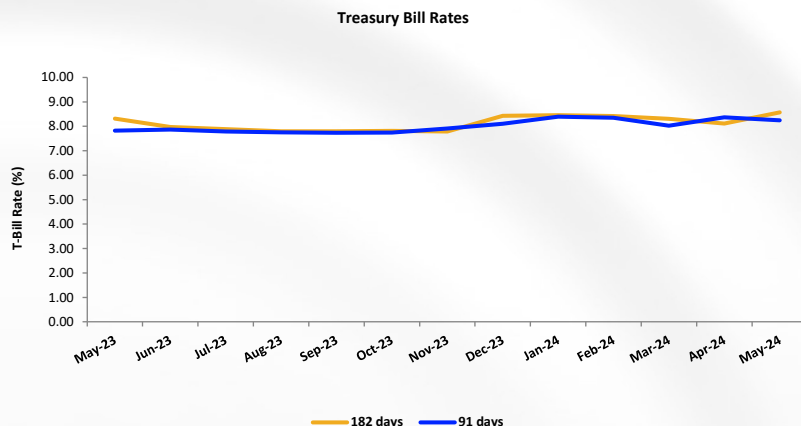
According to the latest data available from the Bank of Jamaica’s quarterly report, M2J expanded 14.2% in February 2024, driven by increases in currency in circulation (15.2%) and local currency deposits (14.0%) relative to the respective growth rates of 18.1% and 14.1% in December 2023. The ongoing 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 May 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\$4.85 billion; J\$1.79 billion for the 91-day T-Bill, J\$1.66 billion for the 182-day T-Bill, and J\$1.40 billion for the 273-day T-Bill. The 91-day T-Bill auction resulted in the average yield of 8.25%, down 12.06 basis points compared to April 2024. The 182-day T-Bill auction resulted in the average yield of 8.30%, down 27.59 basis points relative to the prior month. The average yield on the 91-day T-Bill rose by 42.38 basis points compared to the auctions in 2023 for the comparable period. The 182-day T-Bill went up by 32.13 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
3-May-24	28 Days	7.50%	N/A	Fixed	31-May-24
10-May-24	28 Days	7.50%	N/A	Fixed	7-Jun-24
15-May-24	2 Years	8.50%	N/A	Fixed	10-Jun-26
17-May-24	28 Days	7.50%	N/A	Fixed	14-Jun-24
24-May-24	28 Days	7.50%	N/A	Fixed	21-Jun-24
28-May-24	3 Years, 10 Months	10.00%	N/A	Fixed	21-Mar-28
31-May-24	28 Days	7.50%	N/A	Fixed	28-Jun-24

The Bank of Jamaica issued five 28-day CDs, one 2-year CD, and one 3-year-and-10-months Fixed Rate Benchmark Investment Note in the month of May.



TOURISM

Country	Stopover Arrivals by Market Region				
	January 2024	Share %	January 2023	Share %	Change %
U.S.A.	163,998	66.5%	155,033	67.6%	5.8%
Canada	46,562	18.9%	43,378	18.9%	7.3%
Europe	25,649	10.4%	23,871	10.4%	7.4%
Latin America	3,487	1.4%	2,641	1.2%	32.0%
Caribbean	6,100	2.5%	3,736	1.6%	63.3%
Asia	561	0.2%	375	0.2%	49.6%
Others	434	0.2%	422	0.2%	2.8%
Total	246,791	100.0%	229,456	100.0%	7.6%

According to the latest data from the Jamaica Tourist Board, total stopover arrivals in January 2024 amounted to 246,791, a 7.6% increase when compared to the 229,456 recorded in January 2023.

Stopover arrivals from the U.S. market totalled 163,998 in January 2024, while there were 155,033 arrivals in January 2023.

The Canadian market arrivals amounted to 46,562 relative to the 43,378 a year prior.

The European market region recorded a total of 25,649 stopover arrivals in January 2024 when compared to the 23,871 in January 2023.

Arrivals from the Caribbean totalled 6,100 stopovers in comparison to the 3,736 in January 2023.



REMITTANCE

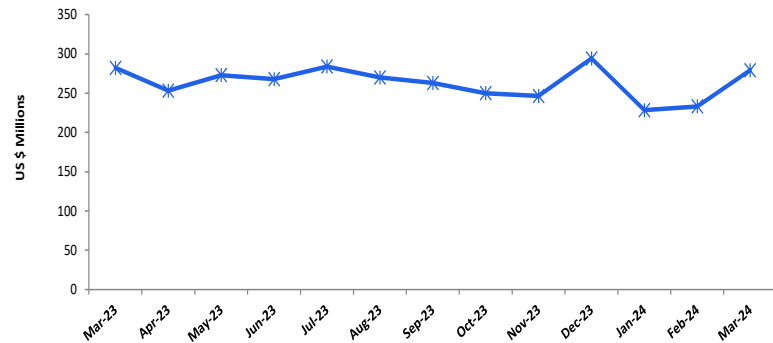
The latest data from the Bank of Jamaica (BOJ), for March 2024, showed that total remittance inflows amounted to US\$297.5 million (2023: US\$301.6 million), while outflows totalled US\$18.3 million (2023: US\$19.2 million).

Net remittances were US\$279.2 million, a decrease of US\$3.1 million (1.1%) relative to US\$282.4 million reported for the corresponding month of 2023.

Total remittance inflows from April to March 2024 amounted to US\$3,366.6 million. This outturn represented a decline of 2.3% relative to April to March 2023.

The largest source market of remittances to the island in March 2024 continued to be the USA with a share of 69.8%, down from the 71.7% recorded for March 2023. The remaining remittances during the month came from UK (10.6%), followed by Canada (8.7%) and the Cayman Islands (6.7%).

Net Remittances



NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica's Net International Reserves as at May 31, 2024 stood at US\$5,034.88 million, reflecting a decrease of US\$67.41 million when compared to the US\$5,102.29 million reported at the end of April 2024.

Foreign Assets totalled US\$5,129.35 million, US\$67.01 million less than the US\$5,196.37 million reported in April 2024.

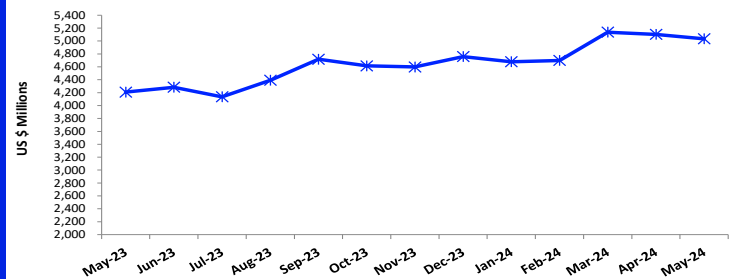
'Currency & Deposits' held by the BOJ as at May 31, 2024 totalled US\$3,469.68 million, reflecting a decrease of US\$38.28 million compared to the US\$3,507.96 million reported in April 2024.

'Securities' were valued at US\$1,583.79 million; US\$10.68 million less than the US\$1,594.47 million reported at the end of April 2024. The country's Special Drawing Rights fell to US\$39.68 million relative to the US\$57.89 million recorded a month prior.

'IMF Reserve Position' increased to US\$36.20 million from the US\$36.05 million reported last month. Liabilities to the IMF went up by US\$0.40 million to US\$94.47 million against the US\$94.07 million reported at the end of April 2024.

Presently, the country's foreign exchange reserves are US\$826.15 million, or 20% more than the US\$4,208.73 million held by the BOJ at the end of May 2023. The current NIR supports approximately 37.64 weeks of goods imports and 25.73 weeks of goods and services imports.

Net International Reserves



Actual NIR vs IMF Target

