



# MONTHLY ECONOMIC REVIEW

**JULY 2024**

Prepared by: Research Department

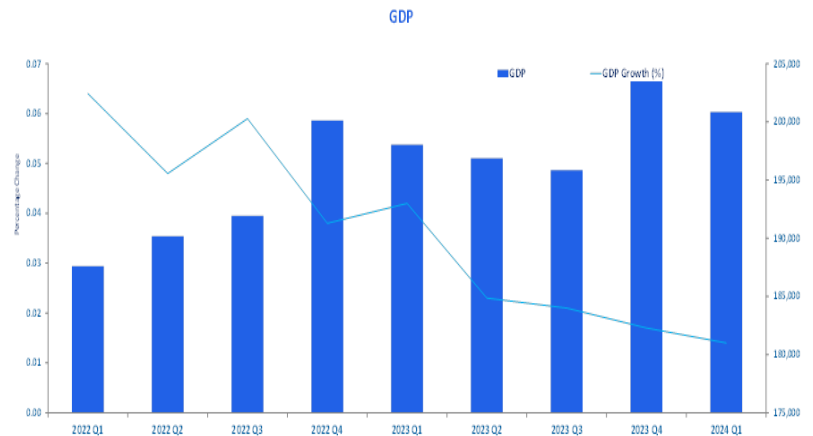
# LOCAL ECONOMY

## GROSS DOMESTIC PRODUCT

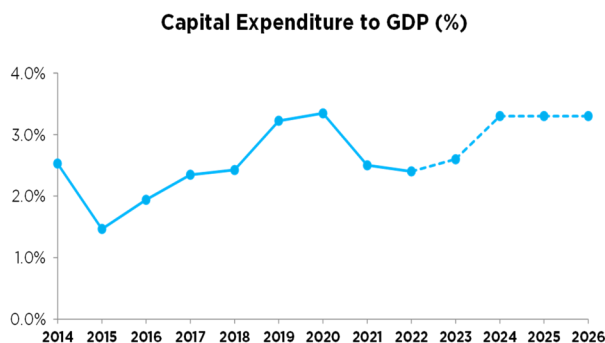
The Statistical Institute of Jamaica (STATIN) reported a 1.4% increase in Jamaica's total value added at constant prices in the first quarter of 2024 compared to the same quarter of 2023. This resulted from growth in both the Services and Goods Producing Industries. The Services Industries grew by 1.3%, while the Goods Producing Industries grew by 1.9%.

The growth in the Services Industries was driven by better performance in several sectors: Hotels & Restaurants (6.9%), Transport, Storage & Communication (3.5%), Finance & Insurance Services (2.2%), Other Services (2.6%), Electricity & Water Supply (6.5%), and Real Estate, Renting & Business Activities (0.3%). However, the Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment sector and the Producers of Government Services sector declined by 2.2% and 0.5%, respectively.

The expansion of the Goods Producing Industries was mainly propelled by higher output in Agriculture, Forestry & Fishing (7.4%) and Mining & Quarrying (18.7%). Nonetheless, there were decreases in the Manufacturing (0.8%) and Construction (3.7%) sectors.



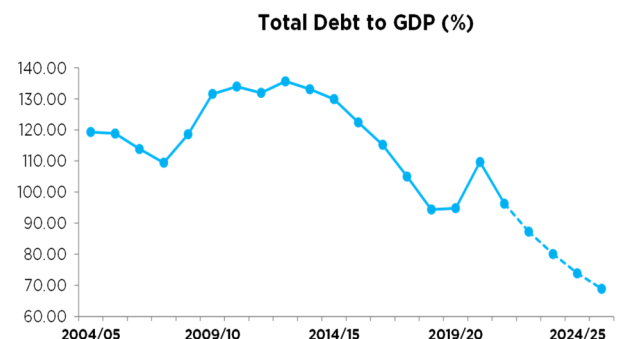
## CAPITAL EXPENDITURE TO GDP



Total Expenditure for April to June 2024 amounted to \$251.27 billion, \$3.64 billion less than the budgeted \$254.90 billion. Recurrent Expenditures, totalling \$236.04 billion, accounted for 94% of overall expenditures. Under the recurrent expenditure categories for the review period, all categories excluding interest were below the budgeted amount: 'Programmes', which amounted to \$85.81 billion, was \$2.03 billion below the budgeted amount. 'Wages & Salaries' totalling \$104.35 billion was \$601.50 million below the budgeted amount. 'Employee Contribution' totalled \$6.13 billion, which was 15.5% lower than the budgeted amount. 'Compensation of Employees' totalled \$110.49 billion, \$1.73 billion below the budgeted amount. 'Interest' amounted to \$39.74 billion and was 1.1% above the budgeted amount.

The 'Fiscal Deficit' was \$26.39 billion, relative to a 'Projected Deficit' of \$35.23 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$13.35 billion, relative to the 'Budgeted Primary Deficit Balance' of \$4.06 billion.

## DEBT TO GDP



At the end of June 2024, Jamaica's Public Debt stock stood at \$2.26 trillion. This reflected increases in Central Government and a decline in the 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

Labour Force	January Q1	April Q2	July Q3	October Q4	Unemployment Rate (%)	January Q1	April Q2	July Q3	October Q4
2014	1,305,100	1,311,100	1,304,000	1,310,200	2014	13.4	13.6	13.8	14.2
2015	1,320,200	1,300,400	1,320,700	1,325,400	2015	14.2	13.2	13.1	13.5
2016	1,342,000	1,353,900	1,363,200	1,354,100	2016	13.3	13.7	12.9	12.9
2017	1,356,300	1,369,100	1,371,200	1,346,000	2017	12.7	11.3	11.3	10.4
2018	1,331,800	1,345,900	1,334,700	1,334,900	2018	9.6	9.8	8.4	8.7
2019	1,340,200	1,351,700	1,360,800	1,345,100	2019	8.0	7.8	7.8	7.2
2020	1,369,500	na	1,283,300	1,297,700	2020	7.3	na	12.6	10.7
2021	1,315,800	1,325,400	1,327,500	1,329,100	2021	8.9	9.0	8.5	7.1
2022	1,340,600	1,350,300	1,357,700	na	2022	6.2	6.0	6.6	na
2023	na	1,373,800	1,377,300	1,377,600	2023	na	4.5	4.5	4.2
2024	1,486,400				2024	5.4			

The Statistical Institute of Jamaica (STATIN) released key indicators from the January 2024 Labour Force Survey (LFS), which incorporates revisions based on international recommendations from the International Labour Organization (ILO). These updates enhance data accuracy, relevance, and international comparability. STATIN reported that the unemployment rate was 5.4% in January 2024. There were 1,405,700 employed persons consisting of 757,200 employed males (53.9%) and 648,500 females (46.1%). "Services and Sales Workers" is the largest occupation group.

## PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

### Producer Price Index:

For June 2024, an increase in output prices was realized for the Mining and Quarrying industry (0.6%), with the same increase in the Manufacturing industry (0.06%), according to the Statistical Institute of Jamaica (STATIN).

While the Mining and Quarrying index saw an upward trend, primarily due to the 'Bauxite Mining & Alumina Processing' major group, the industry's June 2023 – June 2024 point-to-point index declined by a significant 2.9 percent. This was due to a 3.2 percent fall in the index for the major group 'Bauxite Mining & Alumina Processing' over that period, indicating a pressing need for attention.

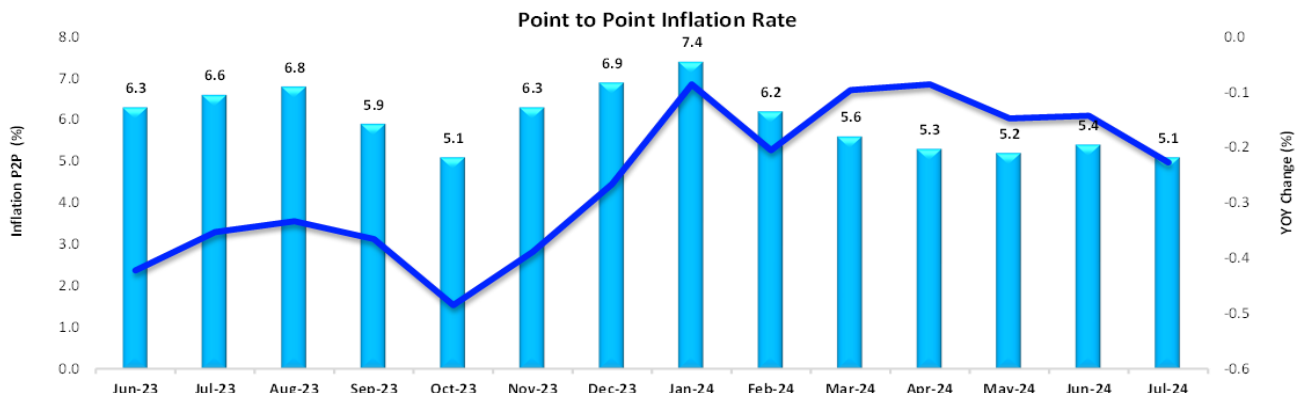
The primary group in the Manufacturing index, the 'Food, Beverages & Tobacco' index, increased by 3.4%. This increase is ascribed to the 10.8% increase in 'Refined Petroleum Products' and the 2.6% increase in 'Food, Beverages & Tobacco.' The increase in the 'Food, Beverages & Tobacco' index can be attributed to the supply-side shock witnessed on the island's southern side caused by Hurricane Beryl and the rise in transportation costs.

### Consumer Price Index:

The Statistical Institute of Jamaica (STATIN) reported that for July 2024, the point-to-point inflation rate was +5.1%; 0.3 percentage points lower than the 5.4% recorded for June 2024. Compared to June 2024, The All-Jamaica Consumer Price Index (CPI) for July 2024 increased by 0.8%.

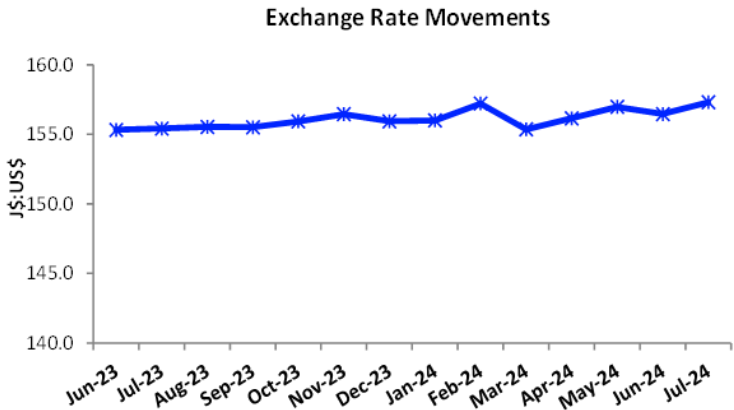
The main driver of the monthly increase (0.8%) was a 1.9% increase in the index of the 'food and Non-Alcoholic Beverages' division, influenced mainly by continued increase in the prices of some agricultural produce, as such, the index for the class 'Vegetables, tubers, plantains, cooking bananas and pulses' rose by 7.4%. Additionally, a 0.4% increase in the index for the 'Transport' division contributed to the rise in the inflation rate, due to higher petrol prices and the increased toll rates for the East-West leg of Highway 2000.

The movement in the point-to-point inflation rate to 5.1% as at July 2024, was primarily influenced by increases in the following divisions: 'Food and Non-Alcoholic Beverages' (3.5%), 'Transport' (11.5%) and 'Housing, Water, Electricity, Gas and Other Fuels' (5.0%).

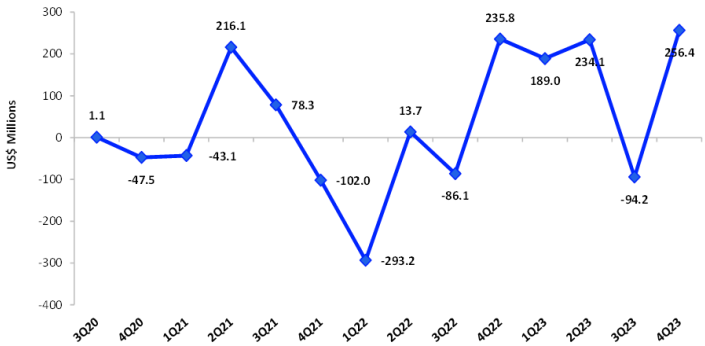


# FOREIGN EXCHANGE MARKET

The Jamaican dollar (JMD) depreciated against the USD for July 2024. The JMD depreciated by \$0.84 to close the month at an average of \$157.30 relative to the \$156.46 recorded in June 2024. Year over year, the JMD has depreciated by approximately 1.22%, while the year-to-date depreciation stands at 0.83%.



## CURRENT ACCOUNT BALANCE



For the June 2024 quarter, a current account surplus of US\$118.6 million (0.6% of GDP) was estimated, which is lower than the surplus for the June 2023 quarter. This decline is mainly due to deteriorations in the merchandise trade, services, and income sub-accounts, despite an improvement in the current transfers sub-account. Increased imports and higher central government outflows contributed to these declines.

Additionally, lower tourism inflows, affected by the timing of the Easter holidays, impacted the service balance. The current account balance was US\$12.6 million compared to previous projections, mainly due to a decline in the services balance. However, there were positive variances in merchandise trade, current transfers, and income sub-accounts. The current account is expected to remain sustainable, with an average surplus of 0.0 to 1.0% of GDP projected for FY2024/25 to FY2025/26, which is lower than the earlier projection of 0.4% of GDP and less than the 2.5 to 3.5% range estimated for FY2023/24.





# FOREIGN EXCHANGE MARKET

## INTERNATIONAL FOREX

**GBP/USD:** The pair closed at **1.28528** for the month of July 2024, which represents a **1.61%** increase over the period. According to FX Empire, "GBP/USD is swinging between gains and losses in a quiet trading session. Traders also had a chance to take a look at Gfk Consumer Confidence report. The report indicated that Consumer Confidence remained unchanged at -13 in August, compared to analyst consensus of -12. In case GBP/USD manages to settle above the 1.3200 level, it will head towards the next resistance, which is located in the 1.3280 – 1.3300 range."

**EUR/USD:** For July 2024, the EUR/USD pair closed at 1.08239 which represents an increase of **0.83%** over the month. According to FX Empire, "EUR/USD tested new highs as traders focused on Fed policy outlook. Treasury yields pulled back, providing additional support to EUR/USD. EUR/USD has recently settled above the previous resistance at 1.1110 – 1.1135 and is trying to climb above the 1.1200 level. In case this attempt is successful, EUR/USD will head towards the next resistance, which is located in the 1.1250 – 1.1275 range."

July 1 - 31, 2024				
Currency Pair	Open	High	Low	Close
GBP/USD	\$1.26	\$1.30	\$1.26	\$1.29
USD/CAD	\$1.37	\$1.39	\$1.36	\$1.38
EUR/USD	\$1.07	\$1.09	\$1.07	\$1.08
USD/JPY	\$160.93	\$162.00	\$149.61	\$149.79

The CAD depreciated against the USD during the month of July 2024 by 0.98% to close at \$1.38. While, the JPY appreciated against the USD during the month of July by 6.92% to close at \$149.79.

## MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	Jun-23	Mar-24	Jun-24
<b>Total Money Supply (M2*)</b>	10.30	9.60	8.20
<b>Money Supply (M2J)</b>	15.60	13.10	10.60
<b>Money Supply (M1J)</b>	15.10	11.60	8.90
Currency with the public	19.00	12.30	4.90
Demand Deposits	12.20	11.10	12.00
<b>Quasi Money</b>	16.00	14.50	12.20
Savings Deposits	5.10	14.70	18.70
Time Deposits	67.00	13.60	-7.10
<b>Foreign Currency Deposits</b>	1.80	3.30	3.70

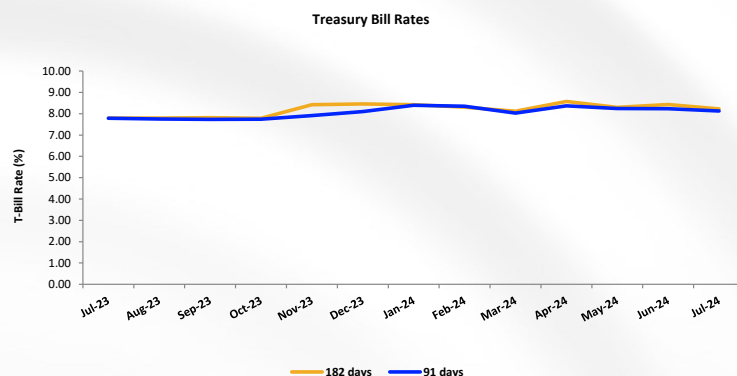
As of June 2024, the monetary base increased by 9.9% from the previous year, primarily due to a 22.6% rise in the Bank of Jamaica's net international reserves (NIR), which was partially offset by a 35.1% decline in Net Domestic Assets (NDA). The NIR growth was driven by inflows and surrenders, though countered by government outflows and B-FXITT sales. The NDA decrease resulted from higher Open Market Operations, increased credit to banks, and reduced public sector claims.

M2J, a measure of broad money, grew by 10.6% in June 2024, slowing from 13.1% in March 2024. This growth was supported by a 10.0% increase in local currency deposits and a 4.9% rise in currency in circulation. Savings and demand deposits saw growth, while time deposits declined.



## Treasury Bills:

For July 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 totaled J\$4.39 billion; J\$1.85 billion for the 91-day T-Bill, and J\$2.53 billion for the 182-day T-Bill. The 91-day T-Bill auction yielded an average yield of 8.13%, down 10.31 basis points compared to June 2024. The 182-day T-Bill auction yielded an average yield of 8.22%, down 21.07 basis points relative to the prior month. The average yield on the 91-day T-Bill rose by 33.64 basis points compared to the auctions in 2023 for the comparable period. The 182-day T-Bill increased by 42.84 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-Jul-24	28 Days	7.50%	N/A	Fixed	2-Aug-24
12-Jul-24	28 Days	7.50%	N/A	Fixed	9-Aug-24
19-Jul-24	28 Days	7.50%	N/A	Fixed	16-Aug-24
26-Jul-24	28 Days	7.50%	N/A	Fixed	23-Aug-24
30-Jul-24	7 Year, 4 Months	9.625%	N/A	Fixed	21-Nov-31

The Bank of Jamaica issued four 28-day CDs, and one 7-year and 4-months Benchmark Investment Note in the month of July.



## 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%
<b>Total</b>	<b>246,791</b>	<b>100.0%</b>	<b>229,456</b>	<b>100.0%</b>	<b>7.6%</b>

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.





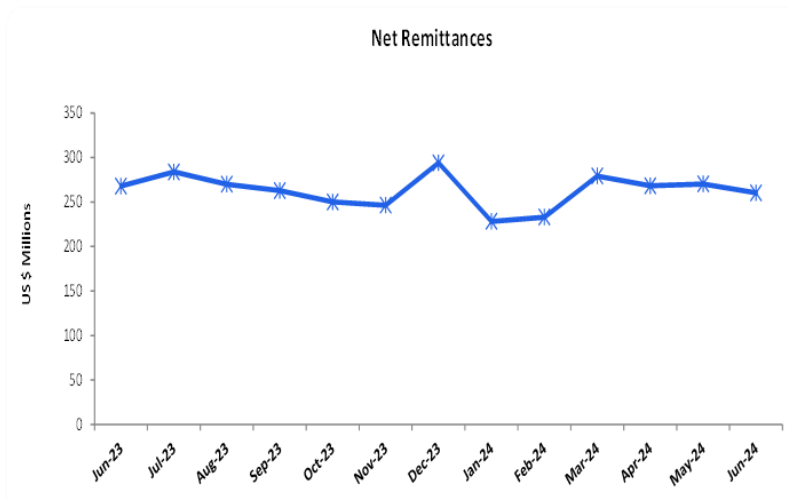
## REMITTANCE

The latest data from the Bank of Jamaica (BOJ), for June 2024, showed that total remittance inflows amounted to US\$278.3 million (2023: US\$286.3 million), while outflows totalled US\$18.1 million (2023: US\$18.3 million).

Net remittances were US\$260.2 million, a decrease of US\$7.7 million (2.9%) relative to US\$267.9 million reported for the corresponding month of 2023.

Total remittance inflows from April to June 2024 amounted to US\$853.8 million. This outturn represented a rise of 0.6% relative to April to June 2023.

The largest source market of remittances to the island in June 2024 continued to be the USA with a share of 68.7%. The remaining remittances during the month came from UK (10.6%), followed by Canada (10.3%) and the Cayman Islands (6.2%).



## NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica's Net International Reserves as at July 31, 2024 stood at US\$5,067.79 million, reflecting a decrease of US\$117.29 million when compared to the US\$5,185.08 million reported at the end of June 2024. Foreign Assets totalled US\$5,144.98 million, US\$116.53 million less than the US\$5,261.51 million reported in June 2024.

'Currency & Deposits' held by the BOJ as at July 31, 2024 totalled US\$3,474.46 million, reflecting a decrease of US\$111.79 million compared to the US\$3,586.24 million reported in June 2024.

'Securities' were valued at US\$1,594.37 million; US\$5.49 million less than the US\$1,599.86 million reported at the end of June 2024. The country's Special Drawing Rights increased to US\$39.83 million relative to the US\$39.43 million recorded a month prior.

'IMF Reserve Position' increased to US\$36.33 million from the US\$35.97 million reported last month. Liabilities to the IMF increased by US\$0.76 million to US\$77.19 million against the US\$76.43 million reported at the end of June 2024.

Presently, the country's foreign exchange reserves are US\$932.58 million, or 23% more than the US\$4,135.21 million held by the BOJ at the end of July 2023. The current NIR supports approximately 37.75 weeks of goods imports and 25.81 weeks of goods and services imports.

