



MONTHLY ECONOMIC REVIEW

JANUARY 2025

Prepared by: Research Department

LOCAL ECONOMY

GROSS DOMESTIC PRODUCT

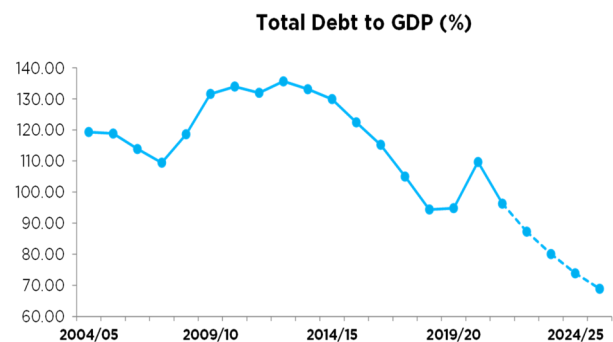
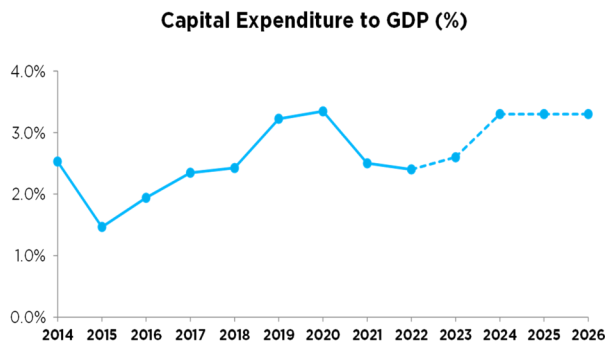
The Jamaican economy experienced modest growth in the second quarter of 2024, with a 0.2% increase in total value added at constant prices compared to the same quarter in 2023. The Goods-Producing Industries drove the Jamaican economy's growth with a 1.5% increase, led by Agriculture, Forestry, and fishing (3.4%), Mining and quarrying (4.0%), and Manufacturing (1.8%). However, Construction declined by 1.9%. Despite this, economic stability remains strong.

The Services Industries, which had been growing steadily since 2021, saw a slight 0.2% decline, mainly due to contractions in Wholesale and retail Trade (-0.5%), Government Services (-1.9%), and Real Estate, Renting, and business Activities (-1.5%). Nevertheless, some sectors, including Finance and insurance (2.4%) and Hotels and restaurants (1.0%), experienced growth. Total value added decreased by 0.7% compared to the first quarter of 2024, with declines in both the Services Industries (-0.8%) and the Goods-Producing Industries (-0.3%).



CAPITAL EXPENDITURE TO GDP

DEBT TO GDP



The Jamaican economy contracted by 3.5 percent year-over-year in the September 2024 quarter, reversing the 0.2 percent growth recorded in June 2024. This downturn was primarily driven by declines in Agriculture, Forestry & Fishing, and Mining & Quarrying, mainly due to the impact of Hurricane Beryl, which disrupted production and infrastructure. Additionally, monetary tightening and lingering inflationary pressures from past price shocks contributed to reduced economic activity. The Construction sector also contracted, reflecting lower government capital spending and weaker construction material sales. Similarly, the Electricity & Water Supply sector declined due to damage to infrastructure caused by the hurricane, which lowered consumption levels.

From April to October 2024, Jamaica's external debt stock showed a slight upward trend, rising from J\$1,394,568.31 million to J\$1,420,276.14 million, with fluctuations in between, notably a dip in July followed by an increase from August to October. This rise was likely influenced by the depreciation of the Jamaican dollar, which increased the local currency value of foreign-denominated debt. In contrast, the central government debt stock remained relatively stable, fluctuating within a narrow range from J\$2,245,931.10 million in April to J\$2,248,259.00 million in October, with minor monthly changes suggesting steady borrowing and fiscal management.

From an aggregate demand perspective, the contraction was driven by reduced consumption and deteriorating net exports, partially offset by increased private domestic investment. Real GDP is projected to grow from -1.0 to 0.0 percent from December 2024 to September 2026, with FY2024/25 growth expected between -1.0 and 0.5 percent and a rebound of 1.0 to 3.0 percent anticipated in FY2025/26. Mining & Quarrying is expected to lead the recovery, supported by improved capacity utilization. However, near-term growth remains weaker than forecasted earlier due to slower recoveries in agriculture, construction, and tourism-related industries. "Over the medium term, GDP growth is expected to stabilize at 1.0 to 2.0 percent, driven by moderate expansions in capital investment but constrained by limited labor supply growth."

While the overall debt levels remain largely constant, the depreciation of the Jamaican Dollar poses a challenge by increasing the cost of servicing external debt in local currency terms. Public bodies' debt is decreasing, which could signal effective fiscal management and improved debt sustainability. The reduction in government-guaranteed debt is also a positive sign.

"Jamaica's debt-to-GDP ratio was estimated at 72.2 percent at the end of the 2023/2024 fiscal year. This fiscal discipline was critical to Fitch's "B-" credit rating upgrade in March 2024. Fitch projects that Jamaica's debt-to-GDP ratio could reach the target of 60% by FY2027/28, if not sooner, reflecting the country's ongoing commitment to prudent debt management and fiscal sustainability."



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	1,483,100	1,409,000		2024	5.4	4.2	3.6	

From Q1 2024 to Q3 2024, the total labor force decreased slightly, dropping from 1,486,400 to 1,461,600, reflecting a minor reduction in those actively working or seeking work. While the number of employed individuals fluctuated during this period, peaking in Q2 2024 at 1,420,300 and dropping slightly to 1,409,000 in Q3 2024, overall employment remained stable. The overall unemployment rate dropped from 5.4% to 3.6%, signalling a healthier job market, while the combined underemployment and unemployment rate (LU2) also decreased from 7.3% to 5.0%. Despite these positive trends, the labor force participation rate slightly declined from 68.9% in Q1 2024 to 67.8% in Q3 2024, reflecting a slight reduction in the working-age population's engagement in the labor force. The employment-to-population ratio remained relatively stable, ranging from 65.2% to 65.9%, with a slight dip to 65.4% in Q3 2024. Gender-specific trends showed that male participation was consistently higher than female participation, dropping slightly from 74% in Q1 2024 and Q2 2024 to 73.2% in Q3 2024.

PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

Producer Price Index:

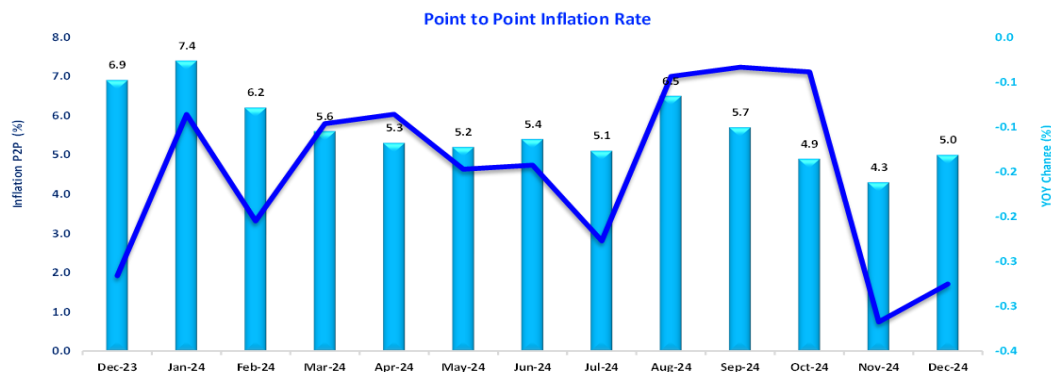
The Statistical Institute of Jamaica (STATIN) reported in November 2024 that output prices for producers in the Mining and Quarrying industry rose by 0.2 percent, while the Manufacturing industry saw little change. The Mining and Quarrying sector increase was primarily driven by a 0.2 percent rise in the index for the major group Bauxite Mining & Alumina Processing.

In contrast, the Manufacturing industry experienced a 2.2 percent drop in the index for Refined Petroleum Products, attributed to lower international petroleum prices. However, the sector benefited from a 0.5 percent increase in the index for the largest subcategory, Food, Beverages, and tobacco.

Looking at the period from November 2023 to November 2024, the point-to-point index for the Mining & Quarrying industry rose by 8.8 percent, mainly due to a 9.0 percent increase in Bauxite Mining & Alumina Processing. On the other hand, the point-to-point index for the Manufacturing industry saw a more modest 0.3 percent rise. This was driven by a 3.3 percent increase in Food, Beverages, & Tobacco, although the overall growth was tempered by a significant 10.7 percent decline in Refined Petroleum Products.

Consumer Price Index:

The All Jamaica Consumer Price Index (CPI) rose 1.2 percent in December 2024. The primary contributor to this increase was a 1.9 percent rise in the 'Food and Non-Alcoholic Beverages' category, driven largely by a 5.5 percent jump in the 'Vegetables, tubers, plantains, cooking bananas, and pulses' class. The second largest factor behind the monthly inflation was a 2.4 percent increase in the 'Housing, Water, Electricity, Gas and Other Fuels' division due to higher household rental costs and electricity rates. These rises were partly offset by a 0.3 percent decrease in the 'Transport' division, mainly due to falling petrol prices. The year-on-year inflation rate for December 2024 stood at 5.0 percent. The point-to-point inflation rate for Jamaica from December 2023 to December 2024 was 5.0 percent. Key contributors to this inflation were the 'Food and Non-Alcoholic Beverages,' 'Housing, Water, Electricity, Gas and Other Fuels,' and 'Restaurants and Accommodation Services' divisions. The 'Food and Non-Alcoholic Beverages' division saw an 8.1 percent increase, The 'Housing, Water, Electricity, Gas and Other Fuels' division rose by 3.2 percent, while the 'Restaurants and Accommodation Services' division increased by 4.0 percent, mainly because of higher prices for food at fast food restaurants and cookshops.



FOREIGN EXCHANGE MARKET

The Jamaican dollar (JMD) appreciated against the USD for December, 2024, by \$0.44 to close the month at an average of \$156.42 relative to the \$157.26 recorded in November 2024. Month Over Month, the JMD has appreciated by approximately 0.53%, while the year-to-date depreciation remained steady, appreciating only 0.001% .

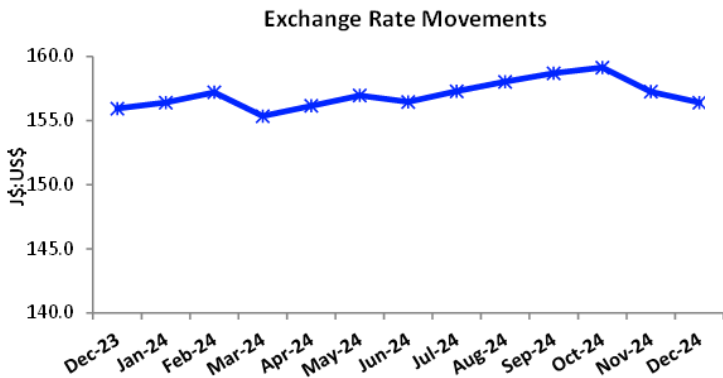
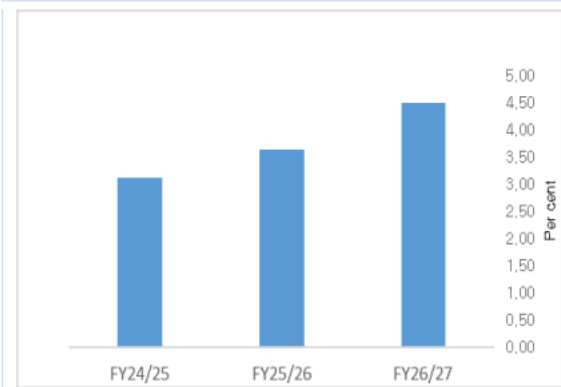
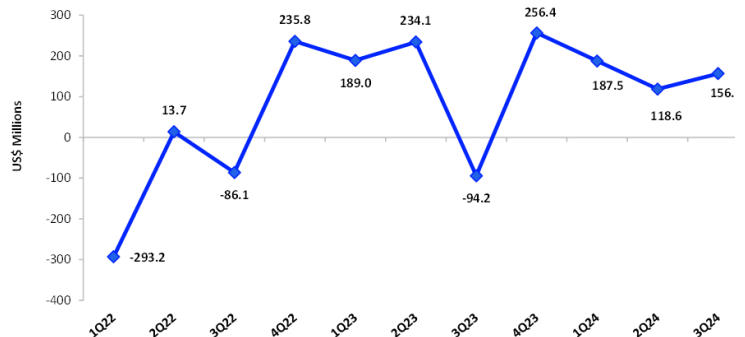


Figure 18: Current Account less FDI (% of GDP)



Source: Bank of Jamaica

CURRENT ACCOUNT BALANCE



For the September 2024 quarter, the current account deficit is estimated at US\$156.7 million (0.8% of GDP), up from 0.5% in the same quarter of 2023. This increase is driven by a reduced services surplus due to weaker tourism inflows, partially offset by improvements in merchandise trade, income, and current transfers. Merchandise trade improved due to lower imports, while income gains reflect reduced GOJ bond interest payments. Compared to prior projections, the June 2024 current account balance worsened by US\$12.6 million, mainly due to a weaker services balance, despite gains in merchandise trade, transfers, and income. The services sub-account fell short by US\$96.0 million, while merchandise exports and imports exceeded projections by US\$25.7 million and US\$15.8 million, respectively. Transfers and income outperformed by US\$53.8 million and US\$18.4 million, driven by higher investment income.

Looking ahead, the current account is expected to remain sustainable, averaging a surplus of 0.5% to 1.5% of GDP for FY2024/25 to FY2025/26, higher than earlier forecasts but below FY2023/24's 3.1% surplus. Over the medium term, the surplus is projected to range from 0.5% to 1.0% of GDP (FY2026/27–FY2029/30) and average 3.7% of GDP after adjusting for FDI-related imports during FY2024/25 to FY2026/27.



FOREIGN EXCHANGE MARKET

INTERNATIONAL FOREX

GBP/USD: The pair closed at **1.25726** for the month of December 2024, which represents a **1.27%** decrease over the period. According to FX Empire, "GBP/USD has also managed to rebound from session lows despite the disappointing UK Unemployment Rate report. The report showed that Unemployment Rate increased from 4.3% in October to 4.4% in November, compared to analyst forecast of 4.3%. A move above the 1.2320 level will open the way to the test of the nearest resistance at 1.2355 – 1.2370."

EUR/USD: For December 2024, the EUR/USD pair closed at **1.04223** which represents a decreased of **-1.41%** over the month. According to FX Empire, "EUR/USD rebounds from session lows as traders focus on the Euro Area ZEW Economic Sentiment Index report. The report showed that Economic Sentiment increased from 17.0 in December to 18.0 in January, compared to analyst forecast of 16.9. The nearest resistance level for EUR/USD is located in the 1.0420 – 1.0435 range. A move above the 1.0435 level will push EUR/USD towards the next resistance at 1.0515 – 1.0530."

December 1- 31, 2024

Currency Pair	Open	High	Low	Close	MoM %
GBP/USD	\$1.27	\$1.29	\$1.22	\$1.26	-1.27%
USD/CAD	\$1.40	\$1.45	\$1.40	\$1.44	2.96%
EUR/USD	\$1.06	\$1.06	\$1.03	\$1.04	-1.41%
USD/JPY	\$149.60	\$160.43	\$148.65	\$157.88	5.54%

The CAD appreciated against the USD during the month of December 2024 by 2.96% to close at **\$1.44044**. While, the JPY appreciated against the USD during the month of July by 5.54% to close at **\$157.880**.

MONEY SUPPLY

Percentage Change (%)	Aug-23	Jun-24	Aug-24
Total Money Supply (M2*)	11.20	8.10	7.30
Total Money Supply (m2*) without new entrant			
Money Supply (M2J)	14.80	10.50	10.80
Money Supply (M2J) without new entrant			
Money Supply (M1J)	15.10	8.70	8.20
Currency with the public	16.50	4.50	8.50
Demand Deposits	14.10	12.00	7.90
Quasi Money	14.50	12.20	13.30
Savings Deposits	14.80	18.70	9.70
Time Deposits	13.10	-6.90	20.70

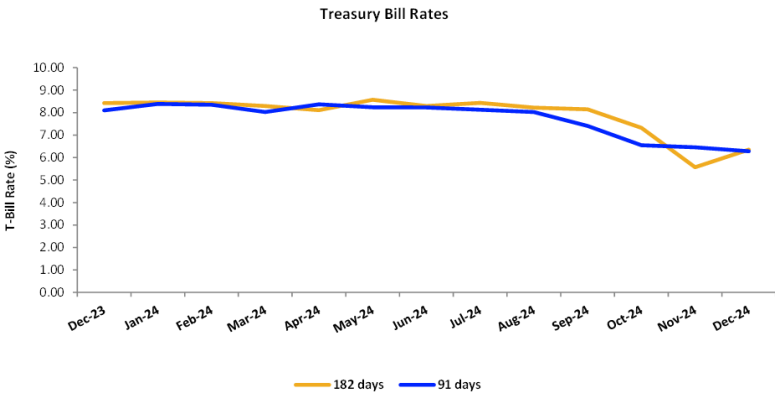
As of August 2024, M2J grew by 10.8%, slightly higher than the 10.5% increase recorded in June 2024. The expansion in broad money was driven by an 11.4% rise in local currency deposits and an 8.5% increase in currency in circulation, compared to growth rates of 12.2% and 4.5%, respectively, at the end of June 2024.

The continued increase in deposits was reflected in time, savings, and demand deposits, which rose by 29.7%, 9.7%, and 7.9%, respectively. This contrasts with the growth in savings and demand deposits of 18.7% and 12.0% in June 2024, while time deposits experienced a decline of 6.9%.



Treasury Bills:

In December 2024, the Bank of Jamaica (BOJ) issued J\$1.40 billion in treasury bills (T-Bills), yet the total demand significantly out-paced supply, with applications totaling J\$5.79 billion. The demand breakdown revealed J\$2.78 billion for the 91-day T-Bill and J\$3.00 billion for the 182-day T-Bill. This disparity between supply and demand indicates a clear imbalance, with demand for T-Bills exceeding the available issuance by over four times. Consequently, the 91-day T-Bill auction yielded an average rate of 6.28%, reflecting a decrease of 27 basis points from November 2024, while the 182-day T-Bill auction saw an average yield of 6.17%, down by 3 basis points from the prior month.



Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest Payment/ Maturity Date
1-Dec-24	28 Days	6.75%	N/A	Fixed	29-Dec-24
4-Dec-24	28 Days	6.73%	N/A	Fixed	1-Jan-25
13-Dec-24	28 Days	6.75%	N/A	Fixed	10-Jan-25
17-Dec-24	28 Days	6.75%	N/A	Fixed	14-Jan-25
18-Dec-24	28 Days	6.75%	N/A	Fixed	15-Jan-25
24-Dec-24	28 Days	6.50%	N/A	Fixed	21-Jan-25
27-Dec-24	28 Days	6.50%	N/A	Fixed	24-Jan-25
31-Dec-24	28 Days	6.50%	N/A	Fixed	28-Jan-25

The Bank of Jamaica issued eight 28-day CDs, in December.



TOURISM

Country	Stopover Arrivals by Market Region				
	October 2024	Share %	October 2023	Share %	Change %
U.S.A.	138,300	52.6%	144,402	53.8%	-4.2%
Canada	23,729	9.0%	22,111	8.2%	7.3%
Europe	24,679	9.4%	21,127	7.9%	16.8%
Latin America	3,029	1.2%	2,573	1.0%	17.7%
Caribbean	7,117	2.7%	5,825	2.2%	22.2%
Asia	661	0.3%	617	0.2%	7.1%
Others	357	0.1%	342	0.1%	4.4%
Total	197,872	75.2%	196,997	73.5%	0.4%

The analysis of stopover arrivals by market region for October 2024 reveals positive and negative trends across different areas. The U.S. experienced a slight decline of 4.2%, with 4,102 fewer visitors compared to October 2023, indicating a reduction in market share. In contrast, Canada saw a 7.3% increase, adding 1,618 visitors and growing its market share from 8.2% to 9.0%. Europe also showed a strong performance, with a 16.8% growth, adding 3,552 visitors and increasing its market share from 7.9% to 9.4%. The Caribbean experienced the most significant increase, with a 22.2% rise in arrivals, adding 1,292 visitors, which suggests growing interest in this region as a travel destination. Latin America and Asia showed more modest growth. Latin America had a 17.7% increase in arrivals, adding 456 visitors and slightly improving its market share from 1.0% to 1.2%. Similarly, Asia experienced a more minor but notable increase of 7.1%, adding 44 visitors and growing its market share from 0.2% to 0.3%. The "Others" category also showed a slight increase of 4.4%, with 15 additional visitors. While these regions represent a small share of the overall market, the growth is positive and may indicate emerging trends in travel preferences.

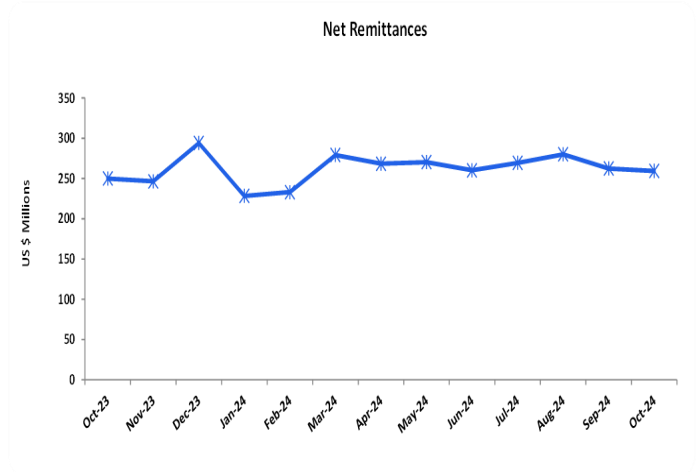
Overall, total stopover arrivals increased by 0.4%, or 875 visitors, from October 2023 to 2024, signaling a stable but modest growth in the market. While the U.S. saw a decline, regions like Europe, Canada, and the Caribbean demonstrated strong growth, especially in market share. This indicates a shifting landscape where travelers from diverse areas become more prominent. The data suggests that while there are fluctuations in specific markets, the overall trend is positive, and strategic focus could be placed on further strengthening regions with growth potential, such as Europe and the Caribbean.



REMITTANCE

Net remittance inflows for October 2024 totaled US\$259.4 million, reflecting a 3.7 percent increase, or US\$9.3 million, compared to October 2023. This growth was primarily driven by a US\$8.9 million (3.3 percent) rise in total remittance inflows, complemented by a slight decline of US\$0.4 million (2.2 percent) in remittance outflows. The increase in total inflows was primarily due to higher transfers via Remittance Companies, partially offset by a decrease through the Other Remittances channel.

For the fiscal period, net remittance inflows amounted to US\$1,864.1 million, a 0.2 percent increase (US\$4.1 million) compared to the same period in the previous year. This increase was primarily driven by a modest rise of US\$0.7 million in total remittance inflows and a 2.5 percent (US\$3.4 million) drop in remittance outflows. In October 2024, the United States was Jamaica's largest source of remittance flows, contributing 67.7 percent of the total, down from 69.5 percent in October 2023. Other notable contributors included the United Kingdom (11.0 percent), Canada (10.7 percent), and the Cayman Islands (6.2 percent).



NET INTERNATIONAL RESERVES

BOJ reported that Jamaica's Net International Reserves, as of December 31, 2024, stood at US\$5,583.67 million, an increase of US\$175.16 million compared to the US\$5,408.51 million reported at the end of November 2024.

Foreign Assets totaled US\$5,632.92 million, US\$157.36 million more than the US\$5,475.56 million reported in November 2024. The BOJ's 'Currency & Deposits' held as of December 31, 2024, totaled US\$3,354.18 million, a decrease of US\$77.40 million compared to the US\$3,431.58 million reported in November 2024. 'Securities' were valued at US\$1,993.86 million, US\$12.76 million less than the US\$2,006.61 million reported at the end of November 2024. The country's Special Drawing Rights increased to US\$249.21 million, relative to the US\$1.43 million recorded a month prior.

The 'IMF Reserve Position' decreased to US\$35.67 million from US\$35.94 million reported last month. Liabilities to the IMF decreased by US\$17.80 million to US\$49.24 million, compared to US\$67.05 million reported at the end of November 2024.

Presently, the country's foreign exchange reserves are US\$825.43 million, or 17% more than the US\$4,758.24 million held by the BOJ at the end of December 2023. The current NIR supports approximately 44.78 weeks of goods imports and 29.35 weeks of goods and services imports.

