MAYBERRY
INVESTMENTS LIMITED

MONTHLY ECONOMIC REVIEW

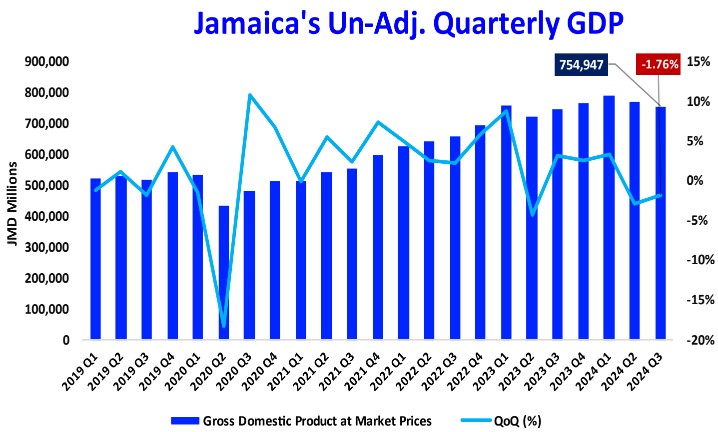
February 2025

Prepared by: **Research Department**

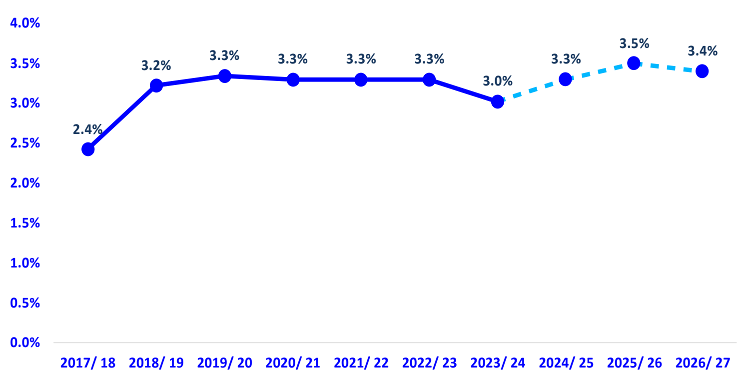
GROSS DOMESTIC PRODUCT

In the third quarter of 2024, Jamaica's real value added declined by 3.5% compared to the same period in 2023, primarily due to decreases in the Services and Goods-Producing Industries, which fell by 2.2% and 7.2%, respectively. The economy was significantly impacted by Hurricane Beryl in July, which caused damage to crop, delayed planting, and affected a significant alumina plant. The disruption to the alumina plant led to a decrease in alumina production, which in turn disrupted power and water services, further affecting the economy. All Goods-Producing sectors saw declines, with Agriculture, Forestry & Fishing, and Mining & Quarrying suffering the most. While Finance & Insurance Services and Transport, Storage & Communication grew, most Service sectors contracted. The economy also shrank by 1.8% compared to the previous quarter, reflecting declines in both industry sectors.

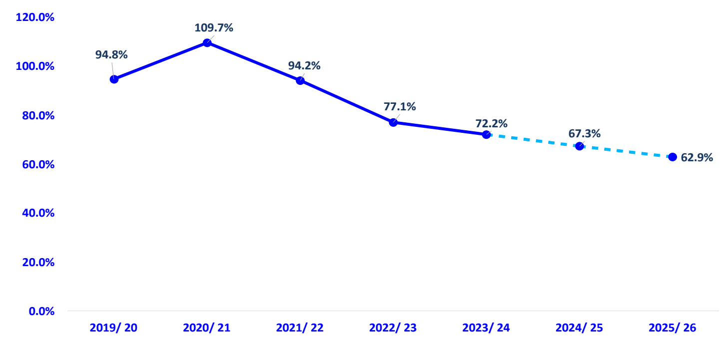
Jamaica's GDP at market prices has consistently grown from 2020 to 2024, with a notable recovery following the pandemic-induced contraction in 2021. The total GDP reached 3,029,090 million Jamaican dollars in 2024, a significant increase of approximately 10% from the previous year. This strong growth highlights the country's successful economic recovery and expansion, exceeding pre-pandemic levels and signalling resilience in the face of global challenges. Key contributing industries to Jamaica's GDP include agriculture, mining, manufacturing, wholesale and retail trade, and government services. Agriculture saw impressive growth in 2024, rising by 29% compared to 2023, suggesting positive developments in production and export. Mining also experienced a strong recovery, growing by 43% in 2024, driven by higher demand for minerals. Manufacturing continued to grow steadily, with a 4.2% increase in 2024, reflecting a diversified industrial sector. The steady rise in GDP, value-added, and tax revenues reflects a resilient and expanding economy.



CAPITAL EXPENDITURE TO GDP



DEBT TO GDP



Between April and December 2024, the GOJ recorded Total Revenues & Grants of $738.56 billion, which is $10.77 billion short of the Government's projection. This amount was approximately 15.3% higher than the $640.35 billion recorded for the same period in 2023. 'Capital Revenue' was nil against its budget, and the 'Bauxite Levy' also came in at zero compared to a budget of $295.3 million. On the other hand, Grants reached $4.44 billion, falling $459.20 million below the budgeted figure. Tax Revenue, however, amounted to $608.30 billion, which was $6.68 billion less than expected, a significant shortfall. Non-tax revenue totalled $125.81 billion, representing 2.6% under its budget.

From April to December 2024, our total spending reached $765.01 billion, $11.75 billion less than the planned $776.75 billion. Recurrent expenditures comprised 95% of this total, amounting to $728.30 billion, with all its subcategories under budget. For example, spending on Programmes was $264.95 billion, which is $3.11 billion less than budgeted; Wages & Salaries were $315.13 billion, falling short by $541.60 million; Employee Contributions totalled $17.29 billion, 14.1% below the target; and Compensation of Employees was $332.41 billion, $3.37 billion under the budget. Interest expenses reached $130.94 billion, just 0.2% below the forecast. In addition, the fiscal deficit was successfully reduced to $26.45 billion, compared to the projected $27.42 billion, while the primary surplus balance came in at $104.49 billion, slightly exceeding the budgeted $103.73 billion.

Between August 2024 and December 2024, Jamaica's total public debt, measured in Jamaican dollars, experienced modest fluctuations that culminated in a downward trend. In August, the debt stood at J$2,206,227.01 million, increased to a peak of J$2,247,805.93 million in September, and eventually decreased to J$2,176,675.81 million by December. This net reduction of approximately J$71.13 billion from the September high reflects some progress in managing the country's debt obligations.

This downward trajectory was significantly influenced by a combination of debt repayments, policy measures to manage contingent liabilities, and, notably, favourable exchange rate movements, which appreciated from J$158.0310 per US$1 in August to J$156.4159 per US$1 in December, reducing the local-currency valuation of external debt, contributing to the observed overall decline.

"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 Ratings affirming a "BB-" credit rating upgrade on the 21 February 2025. Fitch projects that Jamaica's debt-to-GDP ratio could reach the target of 63.5% by FY2026/27, 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	1,468,300	2024	5.4	4.2	3.6	3.5

In October 2024, the total labour force comprised 1,468,300 individuals, with a gender distribution of 789,100 males (53.7%) and 679,200 females (46.3%). The overall labour force participation rate stood at 68.1%, with a notable difference between genders: males participated at 74.5%, while females were at 61.9%. Employment figures revealed that 1,417,000 persons were employed during this period. Among these, 22,900 individuals, or 1.6%, were underemployed. The Services and Sales Workers category emerged as the largest occupation group, employing 343,400 individuals. Within this group, there was a significant gender difference, as 224,600 females were used compared to 118,800 males. Other prominent occupational groups included Skilled Agricultural, Forestry, and Fishery Workers (201,400) and Elementary Occupations (176,200), while the 'Craft and Related Trades Workers' group was predominantly male with 154,200 workers.

Producer Price Index:

The Producer Price Index for the Mining & Quarrying industry declined by 1.2 percent, primarily due to a 1.3 percent drop in the Bauxite Mining & Alumina Processing group and a 0.2 percent decrease in the Other Mining & Quarrying group.

In contrast, the Manufacturing industry saw a 0.5 percent increase, with gains coming from a 2.5 percent rise in Refined Petroleum Products and a 6.8 percent jump in Textile Wearing Apparel and Leather Products, along with a slight 0.1 percent uptick in the Food, Beverages & Tobacco category.

Over the period from January 2024 to January 2025, the Mining and quarrying industry's point-to-point index increased by 7.5 percent, driven mainly by a 7.7 percent rise in the Bauxite Mining and alumina Processing group. Meanwhile, the Manufacturing industry's index grew by 0.8 percent, bolstered by a 2.9 percent increase in the Food, Beverages, and tobacco group. However, this gain was partially offset by a 6.6 percent decline in Refined Petroleum Products.

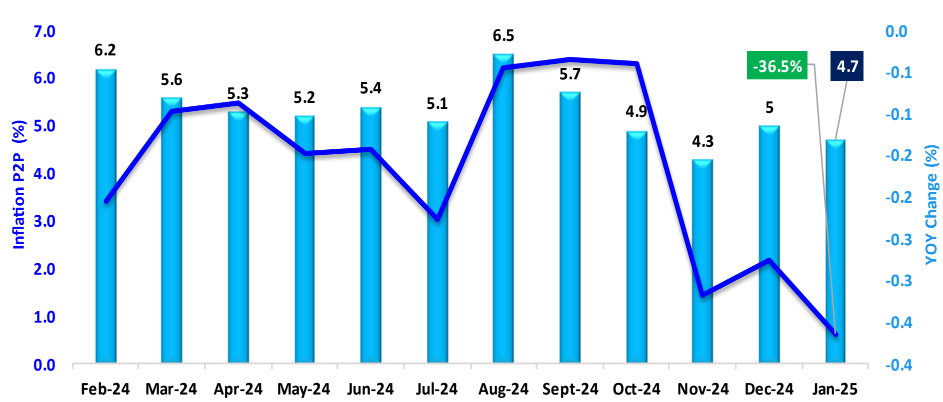
Consumer Price Index:

The Statistical Institute of Jamaica (STATIN) reported that the All-Jamaica Consumer Price Index (CPI) for January 2025 fell by 0.3 percent. This decline was primarily driven by a 1.3 percent drop in the Food and Non-Alcoholic Beverages division and a 0.3 percent reduction in the Housing, Water, Electricity, Gas, and Other Fuels division.

Within the food segment, a significant 7.4 percent drop in the index for Vegetables, Tubers, Plantains, Cooking Bananas, and Pulses attributable to lower prices for produce like tomatoes, sweet peppers, carrots, and yams which led to a 1.4 percent decrease in the overall Food group. Similarly, the housing division's fall was mainly due to a 1.4 percent decline in the Electricity, Gas, and Other Fuels group, driven by reduced electricity rates.

Increases in other sectors partially offset this overall downward movement in the CPI. The Restaurant and Accommodation Services division rose 2.2 percent due to higher meal prices from fast food restaurants and cookshops. In comparison, the Education division increased by 1.8 percent, reflecting higher tuition fees at private primary schools. Over the period from January 2024 to January 2025, the point-to-point inflation rate was recorded at 4.7 percent, with significant contributions from Food and Non-Alcoholic Beverages (7.4 percent), Housing, Water, Electricity, Gas and Other Fuels (2.0 percent), and Restaurant and Accommodation Services (6.2 percent) divisions.

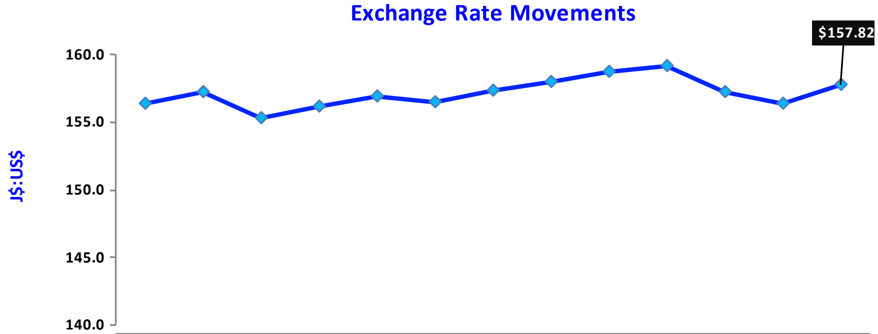
Point to Point Inflation Rate



FOREIGN EXCHANGE MARKET

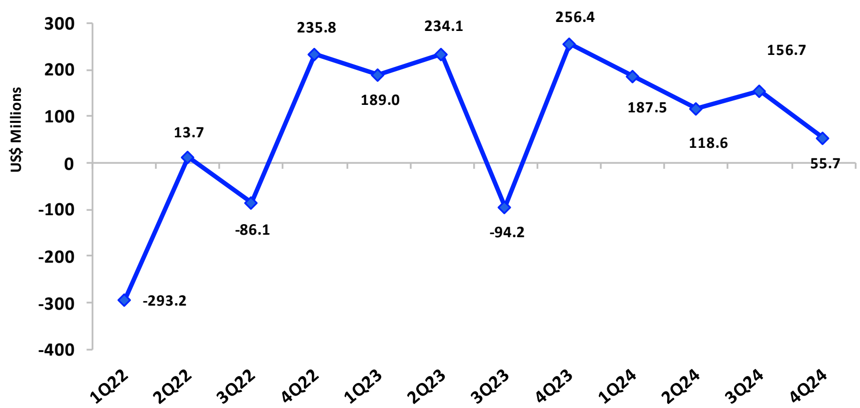
The Jamaican dollar (JMD) depreciated against the USD for January 2025. The JMD depreciated by $1.40 to close the month at an average of $157.82 relative to the $156.42 recorded in December 2024. Month Over Month, the JMD has depreciated by approximately 0.89%.

Exchange Rate Movements



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sept-24	Oct-24	Nov-24	Dec-24	Jan-25
$J:$US	156.42	157.21	155.36	156.15	156.97	156.46	157.30	158.03	158.70	159.14	157.26	156.42	157.815

CURRENT ACCOUNT BALANCE



For the December 2024 quarter, the current account recorded a surplus of US$55.7 million (0.3% of GDP), a significant decline from the 1.3% surplus in the December 2023 quarter. This moderation was primarily driven by a lower surplus in the services and current transfers sub-accounts, combined with higher deficits in the general merchandise trade balance and the income sub-account. It's crucial to understand the specific factors contributing to this decline. Higher transportation outflows are attributed to increased freight costs, reducing the service balance. In contrast, increased imports (notably consumer and raw materials spurred by Hurricane Beryl) and more outstanding profit repatriation by mining companies negatively affected the general merchandise and income sub-accounts.

While the current account surplus for the December 2024 quarter fell short of previous projections by US$100.7 million, there is reason for optimism in the future surplus projections. The services surplus was below expectations by US$141.0 million, and current transfers were US$8.0 million lower due to diminished remittance inflows. However, the merchandise trade balance benefited from imports being US$36.4 million lower and exports US$11.1 million higher than projected. Looking ahead, the current account surplus is expected to remain sustainable, averaging between 0.5% and 1.5% of GDP for FY2024/25 to FY2025/26 and improving to a range of 1.0% to 2.0% of GDP from FY2026/27 to FY2029/30.

FOREIGN EXCHANGE MARKET

INTERNATIONAL FOREX

February 1-28, 2025					
Currency Pair	Open	High	Low	Close	MoM %
GBP/USD	$1.23	$1.27	$1.22	$1.26	2.33%
USD/CAD	$1.47	$1.48	$1.42	$1.45	-1.93%
EUR/USD	$1.04	$1.05	$1.02	$1.04	-0.18%
USD/JPY	$154.73	$155.89	$148.56	$150.62	-2.66%

GBP/USD: The pair closed at **1.25771** for the month of February 2025, which represents a **2.33%** decrease over the period. According to FX Empire, "The GBP/USD pair is trading at $1.25961, down 0.03%, as traders assess the strength of the pound against a resilient U.S. dollar. The pivot points at $1.25630 is a key threshold—remaining above it suggests a bullish bias, while a break below could invite stronger selling pressure. Immediate resistance is at $1.26361, followed by a tougher ceiling at $1.27147. On the downside, key support lies at $1.24905, with deeper support at $1.24343. The 50-day EMA at $1.24124 and the 200-day EMA at $1.25302 indicate an upward trendline supporting the recent buying momentuAm."

EUR/USD: For February 2025, the EUR/USD pair closed at **1.03755** which represents a decreased of 0.18% over the month. According to FX Empire, "The Euro launched higher during the early hours of the trading session on Monday, as we are now back above the 50-day EMA. Ultimately, it'll be interesting to see whether we can continue to see a lot of upward momentum, but I do think that the 1.05 level is the beginning of significant resistance that extends all the way to the 1.06 level."

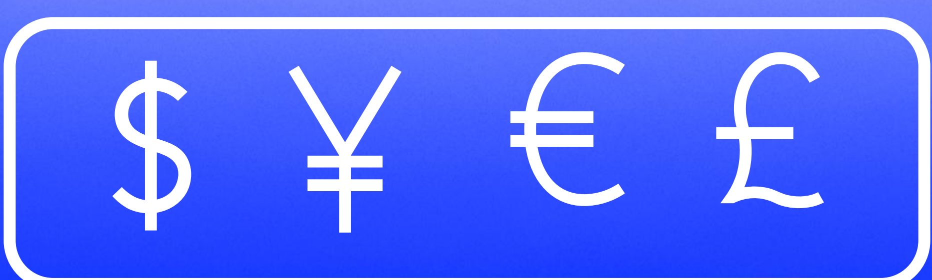
The CAD depreciated against the USD during the month of February by 1.93% to close at 1.44549. While the JPY depreciated against the USD during the month of February by -2.66% to close at $150.615. USD advanced despite a decline in Treasury yields, as traders reacted to Japan's weaker-than-expected Retail Sales and Industrial Production data.

MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	Nov-23	Sept-24	Nov-24
Total Money Supply (M2*)	10.50	7.80	7.70
Total Money Supply (m2*) without new entrant			
Money Supply (M2J)	15.80	10.00	9.60
Money Supply (M2J) without new entrant			
Money Supply (M1J)	15.60	7.40	6.90
Currency with the public	16.80	10.30	10.10
Demand Deposits	14.80	5.20	4.50
Quasi Money	16.00	12.50	12.10
Savings Deposits	14.70	9.00	11.00
Time Deposits	21.10	28.10	16.10
Foreign Currency Deposits	1.60	3.70	4.20

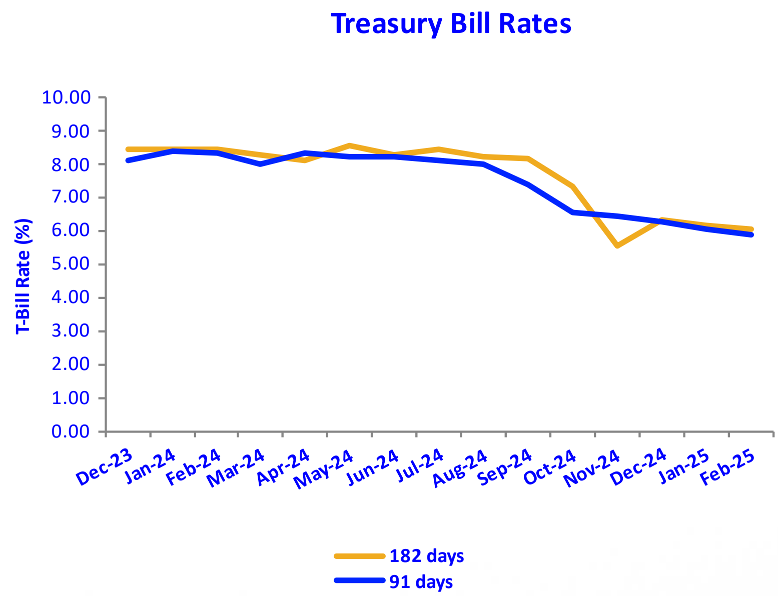
The total money supply (M2*) experienced a steady deceleration, with growth declining from 10.50% in November 2023 to 7.80% in September 2024 and further to 7.70% in November 2024. This trend suggests that monetary expansion is slowing, which could result from tightened monetary policies aimed at controlling inflation orweaker economic activity leading to slower deposit growth. A declining M2* growth rate indicates that liquidity conditions in the economy may be tightening, and it's important to consider these potential causes for the decline.

"The shift towards quasi-money and foreign currency deposits further indicates a more cautious approach by savers and investors. This shift could be a response to economic uncertainties, such as potential local currency depreciation or other factors that are influencing the financial decisions of individuals and institutions. The increase in foreign currency deposits, while a prudent move by residents, suggests that they may be preparing for potential local currency depreciation, which could pressure the exchange rate and pose significant risks to the economy."



TREASURY BILLS:

For February 2025, 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 totaled J$12.99 billion; J$4.10 billion for the 91-day T-Bill, and J$4.44 billion for the 182-day T-Bill. The 91-day T-Bill auction yielded an average yield of 5.88 %, down 3.1 basis points compared to January 2025. The 182-day T-Bill auction yielded an average yield of 5.87 %, down 3 basis points relative to the prior month.



OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest Payment/ Maturity Date
7-Feb-25	28 Days	6.25%	N/A	Fixed	7-Mar-25
14-Feb-25	28 Days	6.25%	N/A	Fixed	14-Mar-25
21-Feb-25	28 Days	6.25%	N/A	Fixed	21-Mar-25
28-Feb-25	28 Days	6.25%	N/A	Fixed	28-Mar-25

The Bank of Jamaica issued five 28-day CDs, one 30-day CDs and one 7-year CD in the month February 2025.

TOURISM

Country	November 2024	Share %	November 2023	Share %	Change %
	Stopover Arrivals by Market Region				
U.S.A.	149,477	56.8%	155,868	58.1%	-4.1%
Canada	35,043	13.3%	34,082	12.7%	2.8%
Europe	24,209	9.2%	23,812	8.9%	1.7%
Latin America	2,887	1.1%	2,667	1.0%	8.2%
Caribbean	6,020	2.3%	4,938	1.8%	21.9%
Asia	780	0.3%	780	0.3%	0.0%
Others	462	0.2%	368	0.1%	25.5%
Total	**218,878**	**83.2%**	**222,515**	**83.0%**	**-1.6%**

In November 2024, Jamaica's tourism sector experienced notable shifts in stopover arrivals across various market regions. The total number of stopover arrivals stood at 218,878, reflecting a 1.6% decline compared to November 2023. While some markets recorded growth, the overall decrease was primarily influenced by a drop in arrivals from the United States (U.S.A.), Jamaica's most significant source market. This analysis explores the performance of different regions and the key factors driving these trends.

The U.S.A. remained the dominant source market, accounting for 149,477 arrivals (56.8%) of total stopovers. However, this figure represents a 4.1% decline from 155,868 arrivals (58.1%) recorded in November 2023. Several factors contributed to this downturn. The impact of Hurricane Beryl, which struck Jamaica in July 2024, caused significant damage estimated at $67 million, affecting infrastructure and travel sentiment. Additionally, travel advisories issued by the U.S. government in the wake of the hurricane discouraged potential visitors. Furthermore, the U.S. presidential election year likely played a role, as historical trends suggest that Americans tend to postpone international travel during election cycles due to economic and political uncertainty.

Despite the overall decline, arrivals from Canada increased by 2.8%, rising from 34,082 in November 2023 (12.7%) to 35,043 in November 2024 (13.3%). Similarly, European arrivals grew by 1.7%, increasing from 23,812 (8.9%) in November 2023 to 24,209 (9.2%) in November 2024. This uptick was likely driven by economic stability in key European markets, leading to increased discretionary spending on travel.

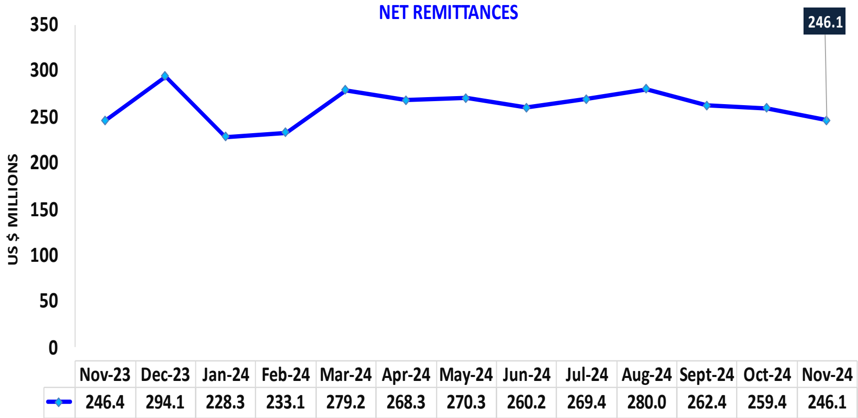
Arrivals from Latin America increased significantly by 8.2%, from 2,667 (1.0%) in November 2023 to 2,887 (1.1%) in November 2024. This growth is partly due to Jamaica's strategic focus on emerging markets, including Latin America, as part of a broader diversification effort.

The Caribbean market saw the highest growth, with arrivals jumping by 21.9%, from 4,938 (1.8%) in November 2023 to 6,020 (2.3%) in November 2024. This strong performance was supported by regional collaborations, targeted promotional campaigns, and cultural and sporting events that attracted intra-regional travellers.

REMITTANCE

Net remittance inflows for November 2024 amounted to US$246.1 million, reflecting an increase of 3.3% (US$7.9 million) compared to November 2023 (Chart 1). This growth was primarily driven by a US$5.9 million (2.3%) rise in total remittance inflows, supported by a US$2.0 million (9.2%) decline in remittance outflows. The decline in outflows can be attributed to various factors such as changes in the exchange rate, economic conditions in the recipient countries, and government policies.

For the fiscal year-to-date, net remittance inflows stood at US$2,110.3 million, reflecting a positive 0.6% (US$12 million) increase over the corresponding period of the previous fiscal year. This was due to a slight 0.3% (US$6.6 million) rise in total remittance inflows and a 3.4% (US$5.4 million) decline in remittance outflows. The United States, a promising source, remained the primary contributor of remittance flows to Jamaica in November 2024, accounting for 67.9% of total inflows, a slight decrease from 68.6% in November 2023. Other significant contributors included the United Kingdom (11.2%), Canada (9.7%), and the Cayman Islands (6.6%). From January to November 2024, remittance inflows to Jamaica totalled US$3,059.3 million (Chart 3), reflecting a marginal 0.1% increase compared to the same period in 2023.



NET INTERNATIONAL RESERVES

The Bank of Jamaica (BOJ) has reported that as of January 31, 2024, Jamaica's Net International Reserves (NIR) stood at US$5,501.51 million, reflecting a decline of US$82.18 million compared to the US$5,583.69 million recorded at the end of December 2024.

Total foreign assets amounted to US$5,550.74 million, marking a decrease of US$82.20 million from the US$5,632.94 million reported in December 2024. As of January 31, 2025, the BOJ's 'Currency & Deposits' holdings stood at US$3,273.92 million, reflecting a decline of US$85.44 million compared to the US$3,359.35 million recorded in December 2024.

'Securities' were valued at US$1,992.02 million, an increase of US$3.31 million over the US$1,988.71 million reported at the end of December 2024. The country's Special Drawing Rights fell slightly to US$249.15 million from US$249.21 million in the previous month. The 'IMF Reserve Position' saw a slight decrease, edging to US$35.66 million from US$35.67 million. Meanwhile, liabilities to the IMF declined marginally by US$0.01 million to US$49.23 million, compared to US$49.24 million at the end of December 2024. This change underscores the dynamic nature of Jamaica's financial status.

The country's foreign exchange reserves have seen a significant increase, currently amounting to US$822.42 million. This marks an 18% increase from the US$4,679.09 million held by the BOJ at the end of January 2024. The existing NIR is sufficient to cover approximately 44.13 weeks of goods imports and 28.92 weeks of goods and services imports, providing a strong foundation for Jamaica's financial stability.