MAYBERRY INVESTMENTS LIMITED

MONTHLY ECONOMIC REVIEW

MARCH 2025

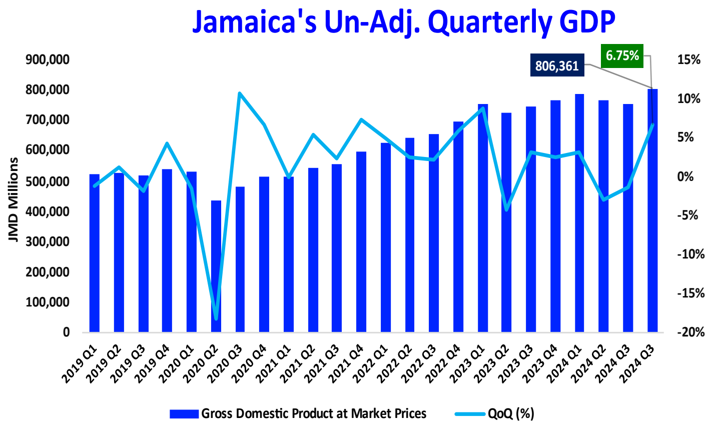
Prepared by: **Research Department**

GROSS DOMESTIC PRODUCT

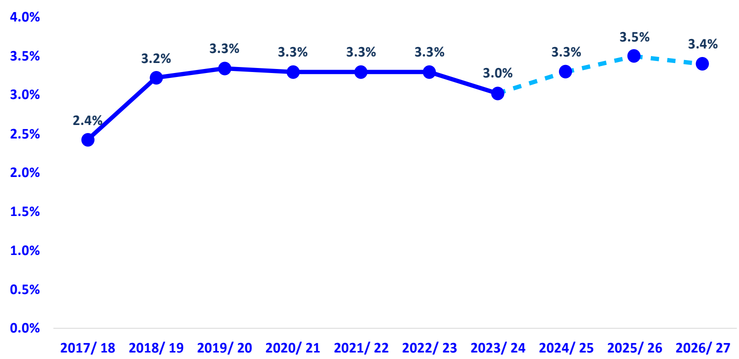
Jamaica's Quarterly Gross Domestic Product (GDP) and Value-Added data at current prices reveal a generally positive economic trend through 2023 into late 2024, despite fluctuations in individual industries. GDP at market prices increased from J$746.9 billion in Q3 2023 to J$806.4 billion by Q4 2024, reflecting overall growth. The total value added at basic prices followed a similar upward trend, peaking at J$673.5 billion in Q4 2024. Key contributors to this growth include a significant and promising increase in Agriculture, Forestry, & Fishing, which rose from J$70.3 billion in Q3 2023 to J$88.9 billion in Q4 2024, and the consistently strong performance of the Wholesale & Retail Trade sector. However, some sectors like Mining & Quarrying and Electricity & Water Supply showed volatility and decline by the end of the period. Notably, Hotels & Restaurants experienced a dramatic surge in Q1 2024 (J$46.2 billion), reflecting post-COVID-19 growth, which tapered off in subsequent quarters.

During the fourth quarter of 2024, Jamaica's economy contracted 0.8% year-over-year, primarily due to a significant 4.3% decline in the Goods Producing Industries. This downturn was driven by notable reductions in Agriculture, Forestry, & Fishing (10.6%), Manufacturing (0.5%), Mining & Quarrying (2.3%), and Construction (2.7%). The service Industries saw a modest growth of 0.4%, with improvements in Transport, Storage & Communication (1.8%) and Producers of Government Services (0.8%) offsetting declines in sectors like Electricity & Water Supply (down 1.4%) and Hotels & Restaurants (down 0.3%). Natural disasters, particularly Tropical Storm Rafael and Hurricane Beryl, further hampered economic performance, especially in agriculture and energy infrastructure, contributing to power outages and a drop in tourism arrivals from the U.S.

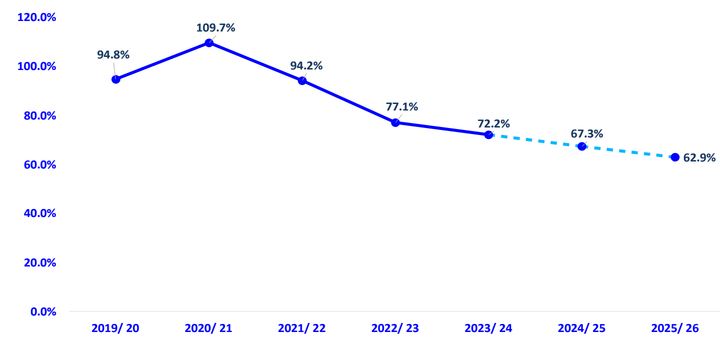
Looking ahead, Jamaica's manufacturing sector is in question. It heavily relies on both imports of raw materials and access to export markets and is now under additional pressure from the ongoing global trade war and a proposed 10% tariff. This potential tariff could increase production costs, limit competitiveness abroad, and strain supply chains, leading to reduced output and potential job losses..



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
2025	1,473,900				2025	3.7			

In January 2025, total employment rose to 1,419,500, marking an increase of 13,800 individuals (1.0%) compared to January 2024. The most substantial growth occurred in the Technicians and Associate Professionals (+9,000) and Professionals (+8,000) occupational groups, a promising sign for the future job market. The Education, Human Health, and Social Work Activities industry led sectoral growth with an increase of 9,400 jobs, primarily driven by female employment, while Manufacturing also saw notable gains (+8,300). The unemployment rate saw a significant drop to 3.7% in January 2025 from 5.4% a year earlier, a reassuring sign of the labour market stability. This was driven by a substantial decrease in unemployed individuals (-26,200 or -32.5%). Both male (2.9%) and female (4.6%) unemployment rates improved, with youth unemployment declining substantially. Despite this, the labour force participation rate decreased to 68.4% (down 0.6 percentage points) as the total labour force shrank by 12,500 individuals. More people, particularly females, moved outside the labour force, which grew by 12,500 to 681,900, reflecting a 1.9% increase.

Producer Price Index:

In March 2025, the Producer Price Index (PPI) for the Mining & Quarrying industry rose by 0.5%, primarily driven by a 0.4% increase in the index for the key subgroup 'Bauxite Mining & Alumina Processing'. The other significant subgroup, 'Other Mining & Quarrying,' also recorded a 1.6% increase.

During the same period, the PPI for the Manufacturing industry declined by 0.6%, mainly due to a significant 5.0% decrease in the index for 'Refined Petroleum Products.' However, this overall decline was partially offset by a 0.5% rise in the 'Food, Beverages & Tobacco index index.'

On a point-to-point basis, comparing March 2024 to March 2025, the Mining & Quarrying industry's PPI surged by 59.2%, attributed mainly to a 61.1% increase in the 'Bauxite Mining & Alumina Processing' index. In contrast, the Manufacturing industry's index remained relatively stable, with a 3.8% uptick in 'Food, Beverages & Tobacco' countered by a 13.5% decline in 'Refined Petroleum Products'.

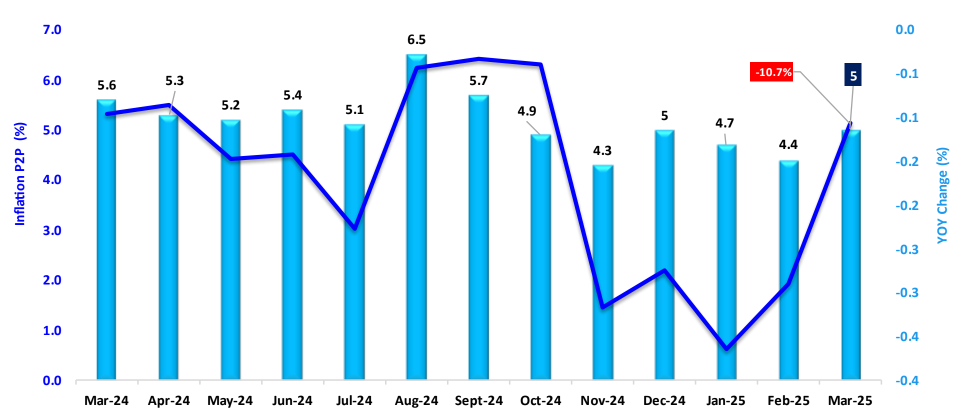
Consumer Price Index:

According to the Statistical Institute of Jamaica (STATIN), Jamaica's Consumer Price Index (CPI) decreased by 0.9% in February 2025. This decline was largely driven by a 2.0% drop in the 'Food and Non-Alcoholic Beverages' division and a 0.2% decrease in the 'Housing, Water, Electricity, Gas and Other Fuels' division. These movements suggest an overall cooling in consumer prices for essential goods and services.

There was 8.8% drop particularly influenced the reduced food-related prices of vegetables, tubers, plantains, cooking bananas, and pulses. This was due to lower prices for locally grown items, including cabbages, carrots, scallions, sweet peppers, tomatoes, and yams. Meanwhile, the 0.2% dip in housing-related costs stemmed primarily from a 1.0% fall in the electricity, gas, and other fuel index, resulting from reduced electricity rates.

Looking at the broader inflation trend, the annual point-to-point inflation rate for February 2025 stood at 4.4%, slightly down from 4.7% in January. This year-over-year figure was primarily shaped by price changes in three main divisions: 'Food and Non-Alcoholic Beverages' (6.5%), 'Housing, Water, Electricity, Gas and Other Fuels' (3.5%), and 'Restaurants and Accommodation Services' (6.2%). This indicates that underlying pressures in key areas remain while monthly inflation eases.

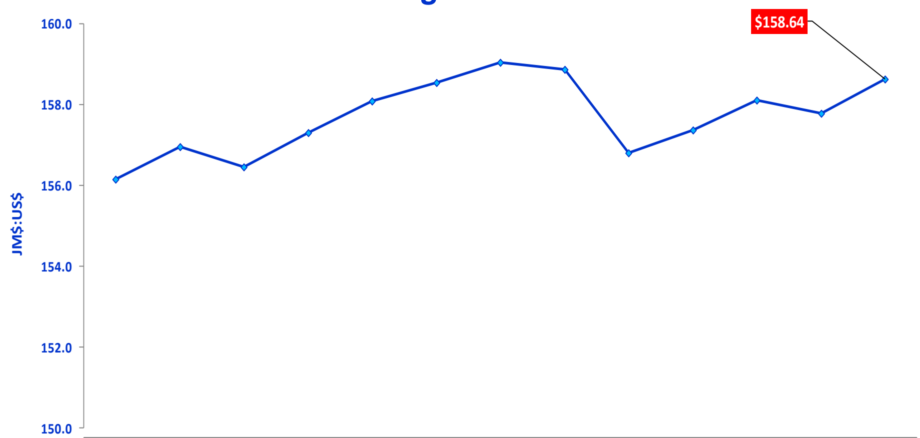
Point to Point Inflation Rate



FOREIGN EXCHANGE MARKET

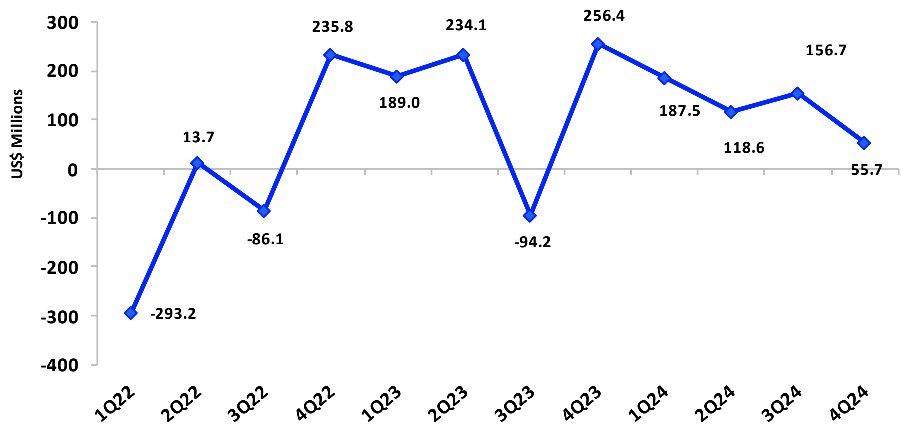
Year-to-date, the Jamaican dollar (JMD) has experienced mild fluctuations against the U.S. dollar (USD), reflecting both local currency pressures and global USD strength. As of April 30, 2025, the exchange rate stood at J$158.64 per USD, marking an overall depreciation of approximately 0.80% since January. In January, the JMD traded at J$157.38 per USD, with a 0.36% month-over-month (MoM) depreciation. February saw a continuation of this trend, with the JMD weakening by 0.46% MoM to J$158.11. However, the currency momentarily strengthened in March, appreciating by 0.20% to J$157.79. This rebound was short-lived, as April saw a 0.54% depreciation, bringing the JMD to its current level. Year-over-year (YoY), the Jamaican dollar has depreciated by approximately 1.59%, highlighting ongoing structural pressures.

Exchange Rate Movements



	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sept-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
$J:$US	156.15	156.97	156.46	157.30	158.09	158.55	159.05	158.88	156.81	157.38	158.11	157.79	158.64

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

March 1-31, 2025 Currency Pair	Open	High	Low	Close	MoM %
GBP/USD	$1.26	$1.30	$1.26	$1.29	2.66%
USD/CAD	$1.44	$1.45	$1.42	$1.42	-1.47%
EUR/USD	$1.04	$1.10	$1.04	$1.08	3.96%
USD/JPY	$150.72	$151.30	$146.54	$149.95	-0.51%

GBP/USD: The pair closed at **$1.29199** for the month of March 2025, which represents a **2.66%** decrease over the period. According to FX Empire, “The GBP/USD pair is largely unchanged as traders react to the stronger-than-expected Retail Sales data from the UK. The report showed a +0.4% month-over-month increase in March, surpassing the consensus forecast of a -0.4% decline. If GBP/USD manages to hold above the 1.3320 level, it could push toward the next resistance zone around 1.3400 – 1.3420.”

EUR/USD: For March 2025, the EUR/USD pair closed at **$1.08175** which represents a decreased of 0.18% over the month. According to FX Empire, “EUR/USD bounced back from its session lows as traders responded to the U.S. Consumer Sentiment data and continued to monitor the ongoing U.S.-China trade tensions. Should EUR/USD rise above the 50-period moving average at 1.1392, it will target the next resistance zone at 1.1450 – 1.1470. A break above 1.1470 could pave the way for a test of resistance between 1.1550 and 1. 1570.”

The CAD depreciated against the USD during the month of March by 1.47% to close at **$1.42353**. The Canadian dollar (CAD) depreciated against the U.S. dollar (USD) primarily due to escalating trade tensions between the U.S. and Canada, including steep tariffs on Canadian goods like steel, aluminium, oil, and gas. While the JPY depreciated against the USD during the month of March by 0.51% to close at 149.947. The primary driver for this depreciation was the significant interest rate differential between the U.S. and Japan; the Federal Reserve maintained higher rates to combat inflation, while the Bank of Japan (BoJ) kept its rates near zero, making the USD more attractive to investors.

MONEY SUPPLY

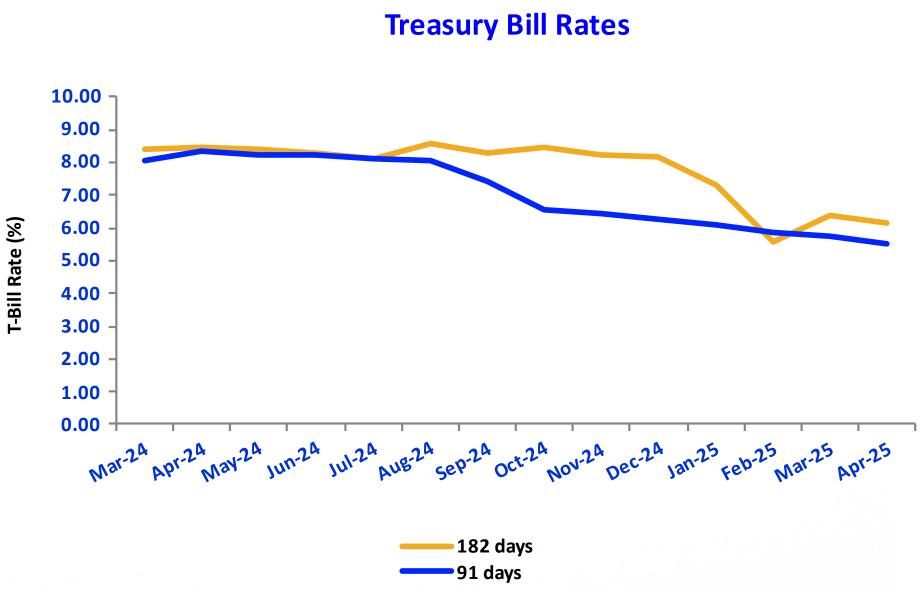
Components of Money Supply (M2*) Percentage Change (%)	Nov-23	Sept-24	Nov-24
Total Money Supply (M2*)	10.50	7.80	7.70
Total Money Supply (m2*) without new entrant			
Money Supply (M2J)	15.80	10.00	9.60
Money Supply (M2J) without new entrant			
Money Supply (M1J)	15.60	7.40	6.90
Currency with the public	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. 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 and 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, which can pose material risks to the economy.”

TREASURY BILLS:

In the latter half of April, the Bank of Jamaica (BOJ) made a significant move by conducting a series of short-term repurchase agreements (repos) to inject liquidity into the financial system. This shift, which marks a departure from its previous hawkish stance, is a strategic response to the growing stagflation risks and expected inflationary pressures triggered by a resurgence in global trade tariffs. The BOJ's decision to lower short-term interest rates has implications for the market dynamics, as it could potentially stimulate economic growth and investment. However, In April 2025, the demand for treasury bills (T-Bills) exceeded the supply, with the BOJ issuing a total of J$1.4 billion, J$700 million for the 91-day T-Bill, and J$700 million for the 182-day T-Bill, while applications totaled J$7.58 billion. The 91-day T-Bill auction yielded an average yield of 5.54 %, down 37 basis points compared to February 2025. The 182-day T-Bill auction yielded an average yield of 5.54 %, down two basis points relative to the prior month.



OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest Payment/ Maturity Date
2-Apr-25	28 Days	6.25%	N/A	Fixed	30-Apr-25
4-Apr-25	28 Days	6.25%	N/A	Fixed	2-May-25
9-Apr-25	28 Days	6.25%	N/A	Fixed	7-May-25
16-Apr-25	28 Days	6.25%	N/A	Fixed	14-May-25
21-Mar-25	28 Days	5.67%	N/A	Fixed	18-Apr-25
24-Apr-25	2 Years, 1 Month	6.50%	N/A	Fixed	25-May-27
25-Apr-25	28 Days	6.25%	N/A	Fixed	23-May-25
30-Apr-25	28 Days	6.25%	N/A	Fixed	28-May-25

The Bank of Jamaica issued a 25-month and seven 28-day CDs in the month April 2025.

TOURISM

Stop Arrivals by Market Region

Country	December 2024	Share %	December 2023	Share %	YoY (%)	YoY
U.S.A	212,060	70.1%	206,960	69.3%	2.5%	5,100
Canada	46,689	15.4%	48,496	16.2%	-3.7%	(1,807)
Europe	27,925	9.2%	30,169	10.1%	-7.4%	(2,244)
Latin America	4,002	1.3%	2,535	0.8%	57.9%	1,467
Caribbean	10,621	3.5%	9,210	3.1%	15.3%	1,411
Asia	693	0.2%	702	0.2%	-1.3%	(9)
Others	604	0.2%	503	0.2%	20.1%	101
Total	**302,594**	**100%**	**298,575**	**100%**	**1.3%**	**4,019**

In December 2024, Jamaica saw a growth in its tourism sector, with **302,594 stopover tourist arrivals**. This figure represents a ***1.3% year-over-year increase compared to December 2023***. The United States, a key source market, maintained its dominance, contributing over 70% of total arrivals. The growth in American visitors, which was 2.5% year-over-year, added 5,100 more tourists than in December 2023. This increase was supported by strong U.S. economic fundamentals, including low unemployment and steady wage growth, which bolstered consumer confidence despite high interest rates. The geopolitical tensions in other regions, such as the Middle East and Asia, may have made the Caribbean a more attractive and safer destination for American travellers, further contributing to the growth.

On the other hand, Canada and Europe experienced significant declines in tourist arrivals. ***Canadian stopover arrivals fell by 3.7%, primarily due to the depreciation of the Canadian dollar against the U.S. dollar, which made international travel more expensive for Canadians.*** Economic headwinds, including high interest rates and elevated household debt levels, further dampened Canadian travel. Europe saw an even sharper contraction of 7.4%, the most significant decline among major regions. The energy crisis, ongoing Russia-Ukraine conflict, and recession risks across several European economies, especially in Germany and the United Kingdom, negatively impacted consumer travel demand.

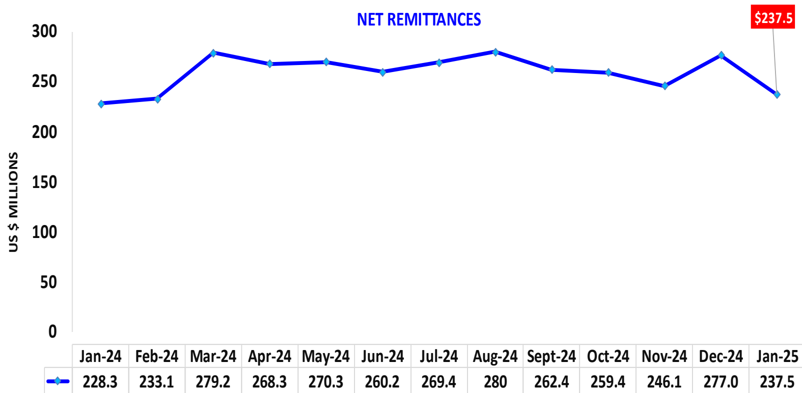
High airfares and inflationary pressures made long-haul trips to destinations like Jamaica less accessible for European travellers, highlighting the challenges they faced in the current economic climate.

Conversely, Latin America and the Caribbean showed robust growth. ***Arrivals from Latin America surged by 57.9%, the highest growth rate among all regions, driven by regional economic stability and improved air connectivity.*** Jamaica's targeted marketing efforts and stronger diplomatic ties with Latin American countries likely contributed to this uptick. The Caribbean also recorded a **15.3% increase** in arrivals, benefiting from expanded regional airlift and stronger intra-Caribbean travel as regional economies recovered from the pandemic.

Meanwhile, arrivals from Asia remained relatively stable, with a marginal 1.3% decline, reflecting the challenges of long-haul travel and geopolitical tensions in that region. Other smaller markets grew by 20.1%, indicating Jamaica's ongoing efforts to diversify its tourism base. The December 2024 tourism data demonstrate resilience, though global economic uncertainties and geopolitical developments continue to shape travel patterns.

REMITTANCE

In January 2025, Jamaica recorded net remittance inflows of US$237.5 million, marking a year-over-year increase of 4.0%. This growth, primarily driven by a 3.9% increase in total remittance inflows, was slightly offset by a marginal rise in outflows. The increase in inflows, reflecting higher contributions through both remittance companies and other channels, underscores the vital role of remittances as a key source of foreign exchange for Jamaica's economy.

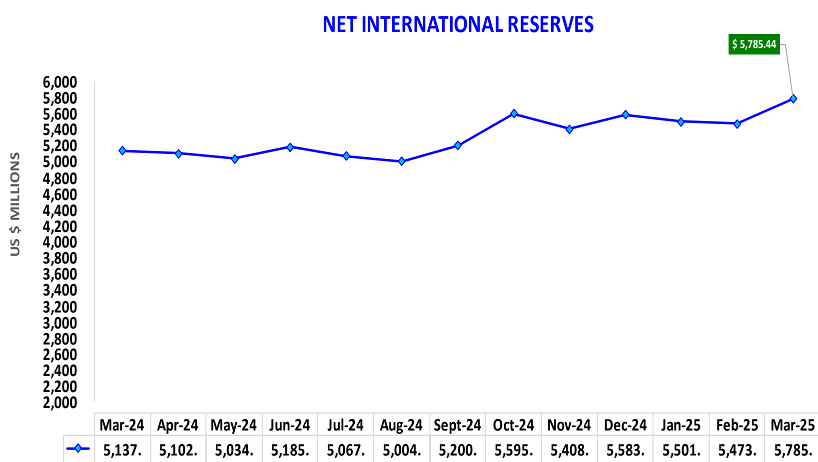


On a fiscal year-to-date basis (up to January 2025), net remittance inflows stood at US$2.625 billion, representing a steady growth of 0.2% compared to the same period in the previous fiscal year. This slight uptick resulted from a modest increase in gross remittance inflows, alongside a reduction in remittance outflows. These figures suggest that while remittance flows remain robust, growth is moderating compared to previous years, which may reflect broader global economic trends and shifting diaspora remittance behaviours.

The United States continued to be the primary source of Jamaica's remittances in January 2025, contributing 69.7% of the total inflows, a slight increase from the 69.0% share in January 2024. Other significant source countries included the United Kingdom (10.8%), Canada (8.2%), and the Cayman Islands (6.5%). Despite Jamaica's steady remittance growth of 3.9% for the month, this performance was behind regional counterparts such as Guatemala (23.8% growth) and Mexico (12.3%), though it outpaced El Salvador (1.9%).

NET INTERNATIONAL RESERVES

Jamaica's foreign exchange landscape continues to exhibit robust stability, as reflected in the Bank of Jamaica's (BOJ) latest data. As of March 31, 2025, the Net International Reserves (NIR) stood at US$5,785.44 million, a significant increase of US$312.40 million from February 2025. This notable 13% rise compared to the US$5,137.29 million recorded in March 2024 underscores the nation's strengthened external buffers, capable of covering approximately 48 weeks of goods imports and nearly 31 weeks of total goods and services imports, well above international adequacy benchmarks.



The composition of Jamaica's foreign assets further reinforces this position. Total foreign assets increased to US$5,826.21 million, supported by a US$262.44 million surge in 'Currency & Deposits' to US$3,531.60 million. Additionally, 'Securities' holdings grew to US$2,020.34 million, while Special Drawing Rights (SDRs) advanced to US$237.93 million.

The country's IMF Reserve Position also improved slightly, and the significant decline in liabilities to the IMF by US$8.66 million is a clear indicator of Jamaica's progress in financial management, enhancing Jamaica's net reserve position.

These positive developments signal strong macroeconomic fundamentals amid global uncertainties. The sustained accumulation of reserves reflects prudent fiscal management, robust remittance inflows, steady tourism earnings, and improved investor confidence. The strengthening of Jamaica's external position provides a critical buffer against foreign exchange shocks, supports currency stability, and offers greater flexibility for macroeconomic policy, fostering conditions conducive to sustainable economic growth.