



# MONTHLY ECONOMIC REVIEW

Prepared by: Research Department

# LOCAL ECONOMY

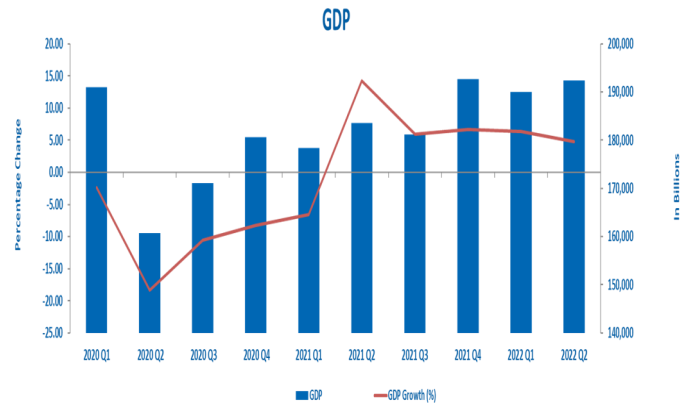
## GROSS DOMESTIC PRODUCT

According to the Statistical Institute of Jamaica (STATIN), Jamaica's economy expands 4.8% in Q2 2022.

Jamaica's GDP rose 4.8% in Q2 2022 compared to Q2 2021, as the Services Industries added 7.2% more value at constant pricing relative to Q2 2021's outturn. The Goods Producing Industries' value added fell 2%. Revocation of the Disaster Risk Management Order, expiration of the COVID-19 pre-test requirement for travel on April 15, 2022, and reopening of the entertainment industry helped the economy.

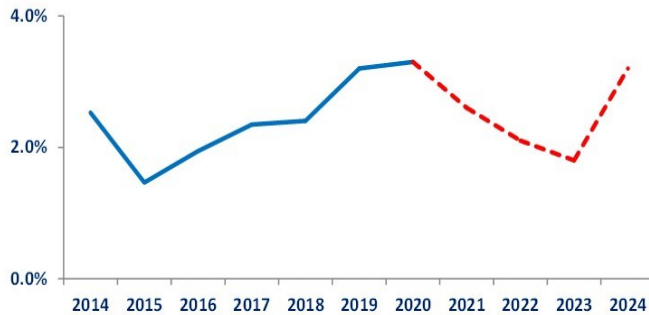
Hotels & Restaurants (56%) Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (7.5%) Transport, Storage & Communication (5.7%) Other Services (9.8%) Finance & Insurance Services (1.1%) Real Estate, Renting & Business Activities (2.1%) Producers of Government Services (0.4%) Electricity & Water Supply (2%).

Mining & Quarrying (62.5% of the drop) and Construction (5.2%) also contributed. Agriculture, Forestry & Fishing and manufacturing expanded by 6.3% and 5.6%, respectively.



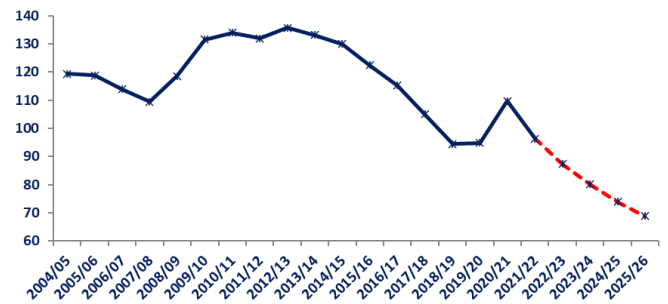
## CAPITAL EXPENDITURE TO GDP

### Capital Expenditure to GDP (%)



## DEBT TO GDP

### Total Debt to GDP (%)



Total Expenditure for the period April to August 2022 amounted to \$299.87 billion, \$2.48 billion more than the budgeted amount of \$297.39 billion. Recurrent expenditure which totalled \$279.62 billion, accounted for 93% of overall expenditures. Under the recurrent expenditure categories for the review period, the categories above the budgeted amount was 'Interest', 'Wages and Salaries' and 'Programmes'. Interest totalled \$58.70 billion, \$1.03 billion above the budgeted amount. 'Wages and Salaries' totalled \$103.56 billion, 8.5% above the budgeted amount of \$103.55 billion. While 'Programmes' amounted to \$109.87 billion which was \$3.65 billion or 3.4% more than budgeted.

The categories below the budgeted amount included 'Compensation of Employees' which amounted to \$111.03 billion which was \$781.20 million or 0.7% less than budgeted. Similarly, 'Employee Contribution' totalled \$7.47 billion, which was \$789.70 million below the budgeted amount of \$8.26 billion.

The 'Fiscal Deficit' was \$2.06 billion, relative to a 'Projected Deficit' of \$30.49 billion. Additionally, the 'Primary Surplus Balance' for the period amounted to \$56.64 billion, relative to the 'Budgeted Primary Surplus Balance' of \$27.18 billion.

The debt/GDP ratio at end March 2022 stood at 94.2 percent of GDP. As at August 2022, Jamaica's total debt stood at \$2.18 trillion.

At end-December 2021, the stock of Public Debt outstanding was \$2,216,476.9mn, 3.7% more than at end-March 2021. The year over year change in the total public debt stock was an increase of 6.9%. Overall, the change reflected an increase in Central Government with partially offsetting reductions in net public bodies' debt, over the period.

Economic improvements have been forecasted for FY 2022/23 and the medium term, and the public debt-to-GDP ratio is solidly back on a downward trajectory. Notwithstanding, it is imperative that the Government maintains its steadfast commitment to the principles of sound fiscal governance in order to remain on target to achieve the principal objective of a debt-to-GDP ratio of 60.0%, or less, by end-FY 2027/28.



## LABOUR FORCE

Unemployment Rate (%)	January	April	July	October	Labour force	January	April	July	October
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
2014	13.4	13.6	13.8	14.2	2014	1,305,500	1,311,100	1,303,700	1,310,200
2015	14.2	13.2	13.1	13.5	2015	1,320,800	1,300,400	1,320,500	1,325,200
2016	13.3	13.7	12.9	12.9	2016	1,342,000	1,353,500	1,363,300	1,355,500
2017	12.7	11.3	11.3	10.4	2017	1,358,300	1,371,600	1,371,200	1,346,800
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	1,349,900	1,360,800	1,345,100
2020	7.3	na	12.6	10.7	2020	1,369,500	na	1,279,600	1,293,600
2021	8.9	9.0	8.5	7.1	2021	1,310,900	1,206,000	1,215,000	1,329,100
2022	6.2	6.0	6.6		2022	1,257,100	1,269,300	1,268,000	

The Statistical Institute of Jamaica (STATIN) reported that the unemployment rate was 6.6 per cent in July 2022, 1.9 percentage points lower than in July of the previous year. There were 1,268,000 employed persons, an increase of 53,000 compared to the similar quarter of 2021. There were 42,000 more employed females, representing 79.2 per cent of the total increase in employment. More females were employed in the occupation group 'Service Workers and Shop and Market Sales Workers' and the industry group 'Real Estate and Other Business Services'.

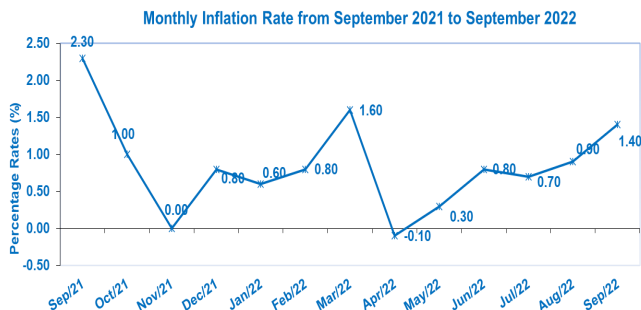
## PRODUCER PRICE INDEX & CONSUMER PRICE INDEX

### Producer Price Index:

"The Producer Price Index for the 'Mining and Quarrying' industry decreased by 0.4% for August 2022", according to the Statistical Institute of Jamaica (STATIN). The main contributor to this movement was a 0.4% decline in the index for the major group 'Bauxite Mining & Alumina Processing'

The PPI for the Manufacturing industry fell by 0.6%. The main contributors to this increase were the major groups: 'Refined Petroleum Products' which decreased by 2.8%.

For the point-to-point period, August 2021 – August 2022, the index for the Mining & Quarrying industry rose by 3.2%. This growth was primarily as a result of an upward movement of 3.0 per cent in the index for the major group 'Bauxite Mining & Alumina Processing'.



### Consumer Price Index:

The Statistical Institute of Jamaica (STATIN) reported that the All Jamaica Consumer Price Index (CPI) increased by 1.4 per cent for September 2022. The main contributor to this increase was a 4.1 per cent rise in the index for the 'Housing, Water, Electricity, Gas and Other Fuels' division, due mainly to the upward movement of 9.2 per cent in the 'Electricity, Gas and Other Fuels' group. The rise in this group's index was mainly due to the cessation of the Government of Jamaica's 20.0 per cent subsidy on electricity bills for customers who used 200 kilowatts per hour or less.

The inflation rate was also impacted by a 1.1 per cent increase in the index for the division 'Food and Non-Alcoholic Beverages', primarily attributed to the 3.5 per cent rise in the index for the class 'Vegetables, tubers, plantains, cooking bananas and pulses'. Additionally, an upward movement of 5.3 per cent in the index for the 'Education' division contributed to the increase in the inflation rate. This resulted from higher tuition fees charged by private primary-level institutions. However, the index for the 'Transport' division fell by 0.3 per cent, as a result of lower petrol prices.

The 'Health' division had a 0.3 per cent increase in its index for September 2022. This was due primarily to the 0.3 per cent increase in the index for the group 'Medicines and Health Products' influenced mainly by higher prices for some prescription drugs.

The index for the 'Education' division rose by 5.3 per cent for September 2022. This was attributed to higher tuition fees for private schools at the primary education level for the new school year.

The index for the 'Restaurants and Accommodation Services' division increased by 0.1 per cent. The division was impacted by higher prices for some meals consumed away from home.

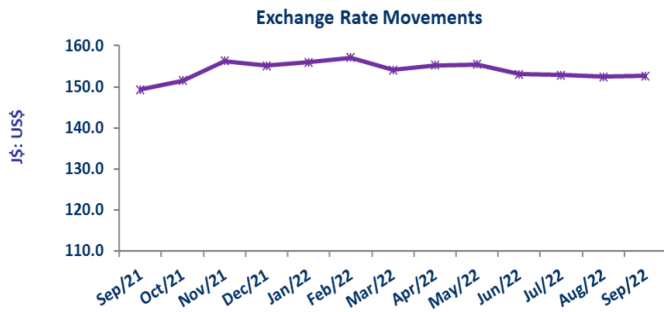
The point-to-point inflation rate as at September 2022 was 9.3 per cent, while that for the fiscal year-to-date was 4.2 per cent.



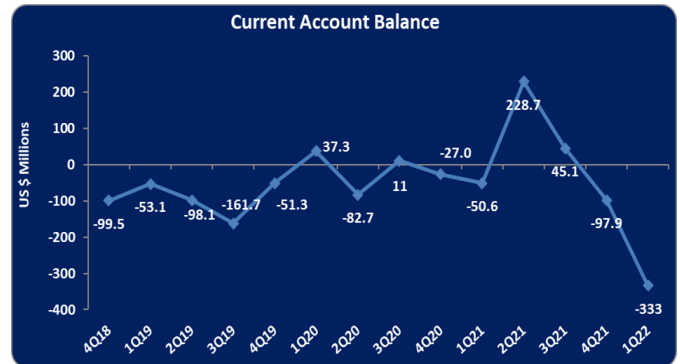
# FOREIGN EXCHANGE MARKET

## LOCAL FOREX

The Jamaica dollar appreciated against the USD for the month of September 2022. The JMD depreciated by \$0.25 in September, to close the month at an average of \$152.68 relative to the \$152.43 recorded in August 2022. Year over year, the JMD has depreciated by approximately 2.24% and appreciated 2.13% Year to date.



## CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the current account deficit (CAD) of Jamaica’s balance of payments for the March 2022 quarter is estimated at US\$333.1 million (2.2 per cent of GDP), US\$282.5 million higher (worse) than the outturn recorded for the December 2021 quarter. This deterioration was reflected in the merchandise trade balance, income sub-account and current transfers, partially offset by an improvement in the services sub-account.

The CAD is projected to deteriorate, relative to the previous forecast over the medium-term. The CAD is projected to average 1.0 to 2.0 per cent of GDP between FY2024/25 and FY2027/28. The deterioration in the CA is mainly due to a downward revision to alumina prices.



## FOREIGN EXCHANGE MARKET

### INTERNATIONAL FOREX

**GBP/USD:** The pair closed at **\$1.1169** for the month of September. According to FX Empire, "The lack of stats leaves the Pound at the mercy of the UK government and the Bank of England. Monetary policy also remains a central theme. September inflation numbers support a hawkish policy move next for October while delivering more economic uncertainty."

**EUR/USD:** For September 2022, the EUR/USD pair closed at **\$0.9802** versus \$0.9946 at the start of the month, a 1.44% decline. According to FX empire, "The pair continues to see a lot of negativity. At this point, there is a situation where the market is likely to go look into the 0.97 level, possibly even down to the 0.95 level over the longer term. Notably, the Euro is going to have to deal with an economy that is nowhere near strong, and of course has to worry about energy."

September 1-30				
Currency Pair	Open	High	Low	Close
GBP/USD	1.1541	1.1738	1.0346	1.1169
USD/CAD	1.3155	1.3877	1.2914	1.3833
EUR/USD	0.9946	1.0198	0.9536	0.9802
USD/JPY	140.22	146.13	139.84	144.74

The JPY depreciated against the USD during the month of September by 3.22% to close at \$144.74.

## MONEY SUPPLY

Components of Money Supply (M2*)			
Percentage Change (%)	May-21	Mar-22	May-22
Total Money Supply (M2*)	16.00	15.10	13.30
Money Supply (M2J)	17.90	11.00	9.60
Money Supply (M1J)	18.90	12.00	10.50
Currency with the public	19.00	16.90	11.00
Demand Deposits	18.90	8.50	10.10
Quasi Money	17.00	10.10	8.80
Savings Deposits	17.30	14.40	11.10
Time Deposits	15.60	-7.30	-0.60
Foreign Currency Deposits	12.70	22.50	19.80

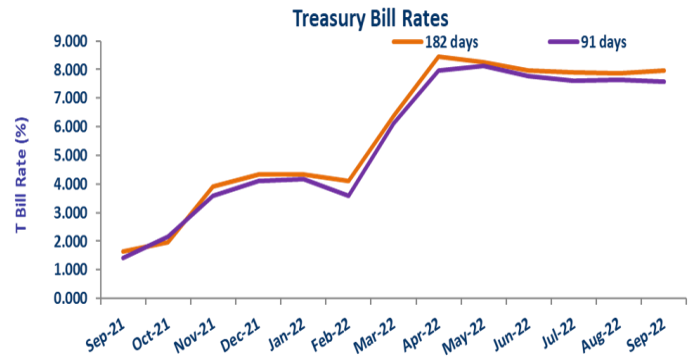
According to the latest data available from the Bank of Jamaica's quarterly report, "M2J expanded by 9.6 per cent at May 2022 largely underpinned by growth of 9.3 per cent in local currency deposits. This represented a deceleration in growth relative to the increase of 9.5 per cent recorded at end-March 2022. "

Additionally, "M2J is projected to expand at an average annual rate of 7.7 per cent over the next eight quarters, below the previous projection of 9.6 per cent. The pace of broad money growth is anticipated to reflect expansions primarily in local currency deposits as well as currency in circulation over the near term."



### Treasury Bills:

For the month of September, applications for treasury bills exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J\$1.40 billion in treasury bills, while applications totaled J\$5.54 billion; J\$3.02 billion for the 91-days bill and J\$2.52 billion for the 182-days bill respectively. The 91-day treasury bill auction resulted in the average yield of 7.57%, down 7.59 basis points compared to August 2022, the 182-day treasury bill auction resulted in the average yield of 7.96%, up 9.98 basis points relative to the prior month. The average yields on the 91-day increased by 615.60 basis points compared to the auctions in 2021 for the comparable period. The 182-day treasury bills went up 629.97 basis points relative to the corresponding auctions in 2021. (Refer to the graph on the right).



## OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/Maturity Date Payment
9-Sep-22	28 Days	6.50%	N/A	Fixed	7-Oct-22
16-Sep-22	28 Days	6.50%	N/A	Fixed	14-Oct-22
23-Sep-22	28 Days	6.50%	N/A	Fixed	21-Oct-22
30-Sep-22	29 Days	6.50%	N/A	Fixed	28-Oct-22

The Bank of Jamaica issued four 28 Days Certificate of Deposit in the month of September.





## TOURISM

Stopover Arrivals by Market Region					
Country	July 2022	Share %	July 2021	Share %	Change %
U.S.A.	202,376	77.9%	167,289	91.1%	21.0%
Canada	21,283	8.2%	4,127	2.2%	415.7%
Europe	26,917	10.4%	8,845	4.8%	204.3%
Latin America	1,881	0.7%	571	0.3%	229.4%
Caribbean	6,573	2.5%	2,517	1.4%	161.1%
Asia	360	0.1%	124	0.1%	190.3%
Others	518	0.2%	203	0.1%	155.2%
<b>Total</b>	<b>259,908</b>	<b>100.0%</b>	<b>183,676</b>	<b>100.0%</b>	<b>41.5%</b>

According to the latest data from the Jamaica Tourist Board, stopover arrivals in July 2022 amounted to 259,908 a 41.5% change when compared to the 183,676 recorded July 2021. Notably arrivals were bolstered by Covid-19 restrictions being relaxed.

Stopover arrivals from the U.S. market total of 202,376 arrivals, there were 167,289 arrivals in July 2021 (see Tourist Arrivals table above).

The Canadian market arrivals amounted to 21,283 relative to the 4,127 a year prior. While the European market region recorded a total of 26,917 stopover arrivals in July 2022 when compared to the 8,845 in July 2021. Arrivals from Caribbean totalled 6,573 stopovers in comparison to the 2,517 in July 2021.

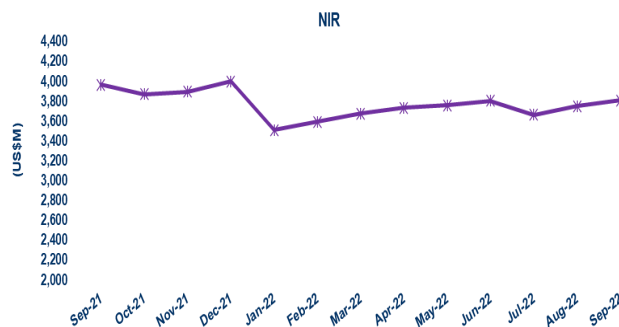
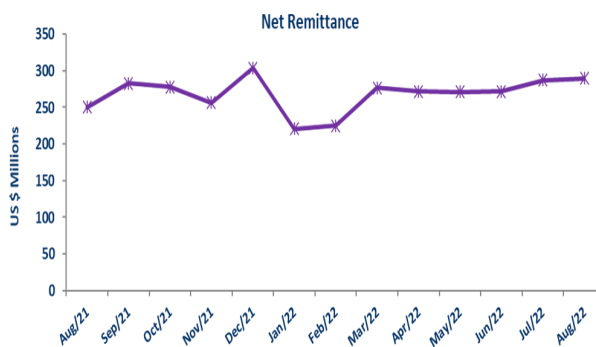


## REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for August 2022, showed that total Remittance inflows amounted to US\$307.2 million (2021: US\$272.7 million), while outflows totalled US\$17.5 million (2021: US\$22.4 million).

Net remittances were US\$289.7 million, an increase of US\$39.4 million (15.8%) relative to US\$250.3 million reported for the corresponding month of 2021.

Total remittance inflows from January 2022 to August 2022 amounted to US\$1,473.4 million. The largest source market of remittances to the island in August was USA with a share of 60.9% (2021: 70.0%). The remaining remittances during the aforementioned month came from UK (9.0%) followed by Canada (11.8%) and the Cayman Islands (5.6%).



## NET INTERNATIONAL RESERVES

BOJ has reported that Jamaica’s Net International Reserves as at September 30, 2022 stood at US\$3,807.30 million, reflecting an increase of US\$56.49 million when compared to the US\$3,750.81 million reported at the end of August 2022.

Foreign Assets totalled US\$4,349.51 million, US\$28.36 million more than the US\$4,321.15 million reported in August 2022. ‘Currency & Deposits’ held by the BOJ as at September 30, 2022 totalled US\$2,630.16 million, reflecting an increase of US\$40.36 million compared to the US\$2,589.80 million reported in August 2022.

‘Securities’ were valued at US\$1,540.42 million; US\$9 million less than the US\$1,549.42 million reported at the end of August 2022. The country’s ‘Special Drawing Rights & IMF Reserve Position’ fell to US\$178.94 million from the US\$181.94 million reported last month. Liabilities to the IMF were reduced by US\$28.13 million to US\$542.21 million against the US\$570.34 million reported at the end of August 2022.

At its current value, the nation’s international reserve is \$156.92 million, or 4% less than the \$3,964.22 million held by the BOJ on September 30, 2021. The current NIR supports approximately 36.32 weeks of goods imports and 24.19 weeks of goods and services imports.

