THE PRIVATE SECTOR ORGANISATION OF JAMAICA

PSOJ

Monthly Economic Bulletin

Inside This Issue

June 2015

The CEO'S Remarks

The current negotiations between the Government and Public sector Unions is a stark reminder of the fragility of the fiscal and economic environment that faces us. Even though there is greater optimism about the fiscal and economic environment, there is also a realization that any mishandling of the fiscal environment can be a significant blow to the growing confidence and set us back once again.

This is not the first time that we have been faced with this kind of decision, as we have gone through twelve previous IMF agreements and each time we find ourselves having to engage a new IMF agreement to resolve fiscal and balance of payment issues. With each engagement we find that the country's economic and fiscal challenges are more difficult and the standard of living worsens.

Similarly if we do not make the right choices this time we will again find our choices even more limited, and again be faced with another round of devaluations etc.

There is a general feeling that the accompanying legislative changes will make the difference this time in ensuring a greater permanence to our economic and fiscal solutions. This is showing in the highest levels of business and consumer confidence in years. This is illustrated in the investments by Red Stripe, Grace Kennedy, and Kingston Wharves in the local economy. These investments are also in the areas of agriculture, tourism, and the logistics hub, which are areas of comparative advantage.

We are also seeing relative stability in the exchange rate (which is more market determined today than in previous years), near balanced fiscal budget, low inflation rates, and reducing interest rates. In addition, there is more interest in business start ups. These indicators indicate a greater competitiveness in the economy, which will lead to the market forces necessary to improve productivity and ultimately an improved Balance of Payments.

The Government, through the Ministry of Finance, has also demonstrated an intention to maintain the necessary discipline to strengthen the fiscal accounts; even in the face of an upcoming election. In indeed this was stated in the address to the nation by the Minister of Finance.

Staying the course would be a first, as previous attempts at improving the fiscal accounts have given way to the expediency of political considerations leading up to elections. We cannot make the same mistake this time and must ensure that we stay the course and not make the sacrifices already made be in vain. These sacrifices include the two debt exchanges, which have affected pensioners and companies; devaluation; and public sector wage freeze.

It also means that the government must not implement policies that are only intended to boost fiscal revenues, without consideration of its effect on businesses and the economic environment. Recently we have seen a tendency to go in that direction, with some tax measures, which the PSOJ has had to engage the authorities on. To their credit the dialogue has improved and there is a willingness on both sides to arrive at a win-win solution for the economy. This is one of the things that provides encouragement and increases confidence.

At the heart of the problem is the need for Public Sector Reform, which will result in a more efficient bureaucracy that will encourage greater competitiveness, and result ultimately in higher compensation levels and increased productivity for Public sector workers. It is the responsibility of both the government and public sector unions to discuss the way forward and provide a vision and goals around this. The failure to do this has not only resulted in prolonged economic stagnation, but has been at the root of lower real compensation for public sector workers. This reform was (and is still being) done in the private sector resulting in improved profitability and compensation.

Whenever this happens the temptation is to increase taxes and transfer the low productivity to the economy.

We have what can be considered to be a great opportunity to finally see greater opportunity for prosperity for all, but it will require the discipline to stick to the course. All hands must be on deck to do this.

Economic Highlights: May 2015

The decline in private sector credit for the first three months of 2015 is in line with the growth *of **0.4%** in real GDP for the first quarter of 2015. The growth for the first quarter follows the two previous quarters of negative growth in real GDP. Analysts cautiously expect this positive growth trajectory to continue throughout much of 2015. The PSOJ expects the growth in the remaining three quarters of 2015 to continue, the outturn for the calendar year may be lower than expected.*

Many of the important macro variables are trending in the right direction. The PSOJ expects these positive signs should augur well for growth in real GDP for 2015. This projection is conditional on good weather, low and stable commodity prices and positive domestic environment.

*The forecast from the IMF depicts a reduction in global prices, with the exception of fuel to the end of 2015. Oil is expected to increase by approximately **22%** in the calendar year, the local currency is expected to show the normal cyclical movements. The reduction or moderation in the prices of non-fuel commodities should create positive impact on Jamaica's exchange rate and BOP*

In this vein, barring abnormal wage hikes and bad weather, lower than expected inflation becomes a real possibility. This means that the continued stabilization or reduction of interest rates for 2015 is expected.

In addition to these fundamentals, The country continues to perform relatively well under the current IMF Extended fund Facility, even after falling short on the dollar target for the primary balance in the eight review. Major economic indicators continue to move on the right trajectory which is reflected in business and consumer confidence which continues to move in the right direction. This continued improvement in business and economic conditions is further manifested in the positive movement in the Stock markets which had market capitalization growth of **8.7%** in May 2015. On the last trading day in April 2015, the main JSE index advanced by **451** points **(0.5%)** to close at **98,766.37** points.

⇒ Fuel energy showed price increases in May 2015, the likelihood of this forming a trend through much of 2015 is a real possibility. Another real scenario is for oil prices to either stabilize around **US$60** to **US$65 per bbl**. While a third could see prices fall below **US$55** to the end of the year as those producers who went out on the lower **US$45** per barrel comes back into the market and increase world out put.

⇒ There were price reductions in **55%** of the global commodities monitored in April 2015. The Brent and the WTI increased by **8.3%** and **9.7%,** respectively. Natural gas also increased by **10%**. The IMF's Fuel Energy Index increased by **7.9%**, the Food and Beverage Index fell by **0.4%**.

⇒ Domestic inflation, measured by the All Jamaica "All Divisions" Consumer Price Index (CPI) increased by **0.5%** for May 2015. According to the Statistical Institute of Jamaica, the outturn for the month was largely influenced by a sharp increase in *Food & Non-Alcoholic Beverages,*

⇒ Yields on all tenors of GOJ Treasury Bills declined for the May 2015 auction. In this context, there were reductions of **3 bps, 3 bps and 8 bps** in the yields on the 30-day, 90-day and 180-day tenors of GOJ Treasury Bills, respectively. For the fiscal year to May 2015, yields on the 30-day, 90-day and 182-day tenors fell by **3 bps, 16 bps** and **29 bps,** respectively.

⇒ The Jamaica Dollar depreciated by **$0.47 (0.41%)** vis-à-vis the US Dollar for May 2015 relative to April 2015. At end-May 2015, the Dollar traded at **J$116.12=US$1.00.**

Economic Highlights: May 2015

Contrastingly, the Dollar appreciated by **J$0.53 (0.3%)** and **J$2.93 (3.05%)** against the Great British pound and Canadian dollar, respectively. At end-May 2015, the Jamaica Dollar traded at **J$177.57=GBP£1.00** and **J$93.16=CAD1.00**, respectively.

⇒ At end May 2015, the stock of Net International Reserves (NIR) at the Bank of Jamaica was **J$255.44 billion** (**US$2,401.24 million)** reflecting an increase of **J$923.25 million** (**US$8.68 million**) relative to the previous month.

⇒ For May 2015, there was an expansion of **J$1.04 billion (1.01%)** in the monetary base relative to the previous month. This expansion resulted in an end-month stock of **J$104.17 billion**. The movement in the base mainly reflected net currency issue of **J$1.4 billion** which was partially offset by declines of **J$265.00 million** in commercial banks' statutory cash reserves and a decline of **$86 million** in commercial bank current account balances.

⇒ Private sector credit , an indicator of aggregate demand and economic activity fell in the first three months of 2015. At the end of March 2015 the Stock of credit stood at $**478.8** billion. This stock reflects a decline of **0.5%** over February. In the previous month there was also a decline of **0.5%** over January of 2015. The data shows an nominal increase of approximately 4.8% for the first quarter of 2014 over 2014. In real terms the increase is approximately 1% .

⇒ Revised data indicates that the dollarization ratio increased marginally from **43.6%** at March 2015 to **44.4%** at March 2014. This increase reflected the marginally stronger accumulation of foreign currency deposits in the commercial banking system relative to local currency deposits.

⇒ The overall weighted average lending rate on local currency loans increased by **0.36 bps** to **17.10%** for March 2015 relative February 2015. The increase largely occurred in the context of an increase of **4.43 pps** on Central Government loan rates which was partially offset by declines in all other categories of loans.

⇒ Tourist stopover arrivals rose to **189,903** for April 2015, reflecting an increase of **4.5%** relative to April 2014. The uptick in the monthly arrivals largely resulted from an increase of **8,233** in stopover by foreign nationals.

⇒ For January to April 2015, stopover arrivals increased to **756,463**, reflecting growth of **4.9%** or **35,459** relative to the corresponding period of 2014. This amount for the period was **21,278** greater than the previous record in 2012.

⇒ For February 2015, gross remittance inflows were **US$167.8 million**, reflecting a decrease of **US$0.5 million (0.3%)** relative to February of 2014. The outturn for monthly remittance inflows for February 2015 was above the average inflows of **US$158.8** for the previous five corresponding periods. Similarly, for February 2015, net remittance inflows were **US$146.7** million, a reduction of **US$5.1** million or **(3.4%)** relative to February of 2014.

⇒ For May 2015, the production of alumina was **163,981 tonnes**, representing an increase of **3,602 (2.3%) tonnes**, relative to May 2014. This brought YTD production level to **797,363 tonnes (2.4%)** increase over the corresponding period last year. On the other hand, the YTD production of crude bauxite increased by **40,816** tonnes **(2%).** Year-to-date crude bauxite exports increased by **61,629 tonnes (3%)** over the corresponding period of 2014. Similarly, YTD total bauxite production increased by **38,000 (1%)**. YTD sales increased by **79,000 tonnes (2%).**

Economic Outlook, Growth and Inflation

Randell Berry

Research Analyst & Consultant

According to the April 2015 Global Economic Report, global growth will remain moderate at 3.5%,and the growth is expected to remain uneven across countries and regions. In the same vein, the projections for the advanced economies remain at 2.4% for 2015. The projections for the United States was 3.1%, a reduction of 0.5% from the forecast made in January 2015. In 2014, global growth was 3.4%; the advanced economies grew at 1.8% while the United States grew at 2.4%. With the interdependence and interconnectivity of the word economy and the reliance of Jamaica on the US, the projections for

Jamaica's growth in 2014 was approximately 1.4% a moderate forecast. The out turn for Jamaica in 2014 was a 0.4%. The growth was severely impacted by a number of events which includes drought and the Chick V epidemic.

Prospects for growth in real output for Jamaica in 2015 remains relatively modest, as they were in the same period in 2014 albeit the growth in the first quarter of 2014 was 1.6% when compared with the out-turn of 0.3% for 2015. Given the new information, the growth projections given by many analyst for growth to be in the 1% to 2% range should be lowered to a range of 0.84% to 1.54% for 2015. This cut is in line with the relatively weak out turn for the first quarter and a number of downside risks which is manifested in the form of lower demand for credit in the economy. In addition, the regional economic climate has changed somewhat as the IMF has projected growth for Latin America and the Caribbean to be approximately 0.9% for 2015, this is after the forecast was trimmed by 0.4% from the forecast in January 2015.

In addition to these forecast, the IMF outlined a number of factors that are likely to be downside risk in the global economy, these include:

In emerging markets and advanced economies negative growth surprises and prospects for potential output will create an environment of sluggish to moderate growth.

Several advanced economies and some emerging econo-

Average Inflation in Regional Economies 2000-20013 vs 2014 (IMF, all consumer items)

	2000-13	2014		2000-13	2014		2000-13	2014
Advanced	Avg. %	%	Emerging	Avg. %	%	LAC	Avg. %	%
Belgium	2.1	0.3	Belize	2.1	0.9	Barbados	4.2	1.9
Canada	2.0	1.9	Botswana	8.3	4.4	Dominica	1.9	0.8
Japan	-0.2	2.7	Brazil	6.6	6.3	Guyana	5.2	4.0
United States	2.4	1.6	Chile	3.1	4.4	Jamaica	10.5	8.3
			Trin. & Togago	6.6	5.7	Mexico	4.8	4.0
			Venezuela	23.3	62.2	Panama	3.1	2.6
Group Averages	1.6	1.7		8.3	14.0		5.0	3.6
Avg. less Jpn,Ven. &Jam	2.2	1.3		5.3	4.3		3.8	2.7

mies are still dealing with crisis legacies, including persistent negative output gaps and high private or public debt or both.

Inflation and inflation expectations in most advanced economies are below target and in some cases are still declining. It noted a specific concern to be countries with crisis legacies of high debt and low growth and little or no room to ease monetary policy.

Long term bond yields have declined further and are at record lows in many advanced economies. It noted that countries with lower real interest rates rather than simply lower inflation should benefit.

Lower oil prices will provide a boost to growth globally for many oil importers but will impact oil exporters negatively.

Finally, the IMF reported that exchange rates across major currencies have changed substantially in recent months, reflecting variations in country growth rates, monetary policies and lower oil prices.

In the monthly economic bulletin of May 2014, the PSOJ presented an analysis on one of the major down side risk which was identified by the IMF in April issue of the World Economic outlook. This risk was that due to inflation. In the report I noted that *"another fundamental downside risk that has become evident in Jamaica is one that is wired in the very engineering of the macro economy. This concerns the twin problem of facilitating economic growth by providing businesses with adequate levels of liquidity and credit at an attractive rate on one hand. On the other hand, the central bank tries to build reserves and safeguard the country's balance of payment position by keeping liquidity tight and away from those who may want to use it to convert it into hard foreign currencies for speculative purposes. This twin problem is even exacerbated by the low real aggregate demand in the economy and the persistently low levels of general productivity. The clear anomaly is the opposing directing of the key variable, which is interest rate on one hand requires a normalization to facilitate growth, but on the other hand seems to be increasing in a drive to safeguard the currency. An important point to note here is that this currency problem looks familiar, doesn't it? We have been down his slippery slope before"*.

I posed the question, "what are the factors driving these fundamental macroeconomic variables, especially inflation? I conducted a survey for the period 2000 to 2013 of inflation in fifteen countries from three economic groupings. I am now re-examining the progress made by Jamaica re inflation over the last year by incorporating 2014 in the analysis. This is important as the price of oil, a major determinant contributing to inflation in Jamaica has been cut by almost half over the same period. It is also important to note at this point that over the period the Net International reserve has moved from approximately US$1 Billion at the start of 2014 to US$2.4 billion and the end of 2014. Interest rates specifically GOJ T-bills have since being trending in the right direction.

The analysis showed that for the fourteen years under review, the average inflation in the advanced economic group was **2.2%**, in the Emerging markets the average inflation was **5.3%** while in the Caribbean it was **3.8%**, this is after the outliers Japan, Venezuela and Jamaica were removed from the respective groups. In this comparison an account was made of the stylized fact on the expected differences in inflation, economic growth across these three economic groups. Jamaica's inflation of **10.5%** is alarmingly high when compared to other countries in the region. It is two to three times that of regional inflation and six times the inflation in Dominica.

So how has Jamaica performed in 2014 when compared to this same group of countries? In 2104 average inflation in the advanced economies stood at **1.3%**, a reduction of approximately **0.9%**. In the Emerging economies the average rates for 2014 were **4.3%**, a reduction of just about **1%**. The results in Latin America and the Caribbean were however significantly different as the average inflation rate for this group was **2.7%,** a cut of approximately a third, when compared to their long-term rates. In 2014 the inflation rates for Jamaica fell by approximately one fifth to **8.3%**. When compared to the rest of the region, on average Jamaica's inflation rates are almost **6%** higher even in the face of the massive fall in oil and other commodity prices.

The high inflation outturn observed in Jamaica may be attributed to debt repayments financed by taxes, currency movements which creates a vicious cycle on production cost, the volatility in global commodity prices which creates both BOP and currency issues. Finally, general expectations on the trajectory of the overall price level in the economy is a major driver of inflation.

Empirical evidence on the impact of currency movements on inflation in developing countries, points to the fact that there is an unambiguously positive relationship between floating exchange rate regimes and persistently high rates of inflation. As I pointed out in the report last May, empirically, movements in the currency accounts for a **10%** average annual inflation, interestingly, in 2014 the currency depreciated by exactly **8%**.

Inflation Fighting Measures

- The central bank should continue with the crude oil hedge, this will have a significant effect on inflation in the future. It will not only reduce actual inflation but it will seriously lower inflation expectations.
- The central bank must continue to facilitate order in the foreign exchange market. Disorderly movement, speculation , dollarization creates exchange rate volatility which feeds into inflation
- The removal of the CET placed on imported fuel would lower the cost of fuel and thus dampen inflation
- Public sector wage increases should be indexed to productivity and economic growth . This will create a stable price environment with respect to wages.
- The Ministry of Agriculture through the Agro Parks must ensure that there is a consistent supply of local produce . Estimates suggests that shortages in food production contribute 1%-2% to annual inflation
- The Consumer Affairs Committee Should continue to publish the prices of all goods and services in the media so that consumers are aware of the most efficient prices in the economy

Note: In the inflation analysis the author used the inflation data compiled by the IMF. In this compilation the IMF uses all consumer item for international comparison. The Statistical Institute of Jamaica uses a basket of consumer goods, in this measure inflation for 2014 was approximately **4.0%**

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Date: Tuesday, July 7, 2015

Time: 8:00 a.m. -12:00 noon

Venue: Jamaica Pegasus Hotel

GUEST SPEAKER:

RAUL MOREIRA

DEPUTY DIRECTOR OF ECONOMIC & SOCIAL ANÁLISIS

MINISTRY OF ECONOMY & FINANCE, PANAMA

PANEL DISCUSSION:

- The logistics hub & future investment opportunities
- Jamaica's economy with respect to investment opportunities
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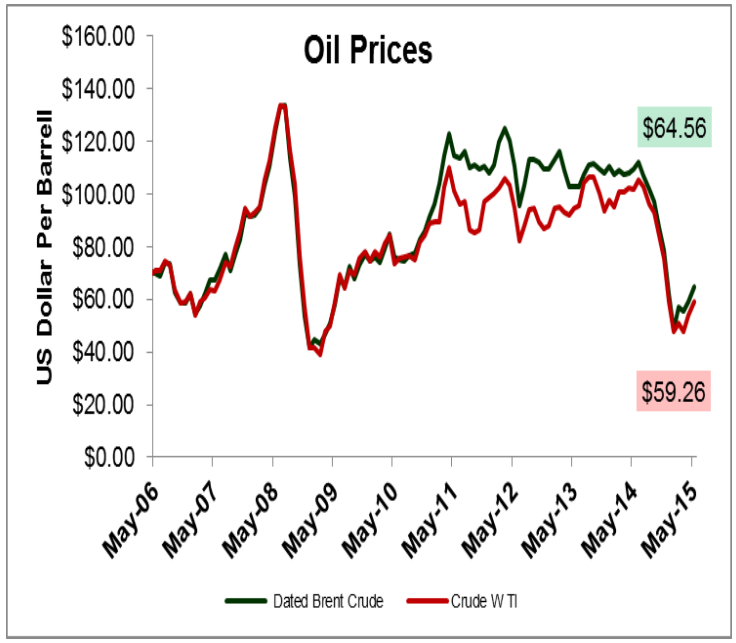
International Commodity Prices

May 2015 Issue

Oil Prices



Both crude oil indices increased for the month of May 2015. The European Brent which ended April at **US$59.39 per barrel,** increased by **8.71% (US$5.17)** to **US$64.56** at the end of May 2015. Similarly, the price per barrel of West Texas Intermediate (WTI) increased from **US$54.20** for April 2015 to **US$59.26** for May, an increase of **9.33% (US$5.06)**. An analysis of annual variances reveal that the European Brent is **41.14**% lower than the price for last year whereas the WTI is **41.90%** below its level last year. Coincidentally, both commodities are **37%** below their two year historical average. This months price is also **35.7%** below the 5-year average for the European Brent and **34.4%** for the WTI.

The prices for both commodities have increased for the past two consecutive months resulting from rising demand. It was reported in May that U.S. refineries' demand for crude oil is at a record high for this time of year, in time for the beginning of the summer driving season. U.S. production has dropped to a three-month low and the drawdown on inventories has increased as refineries run at more than **90%** of capacity. Another indication of the rising demand from refineries is the drop in the cost of storage space for crude, which implies more being used than being added to storage. According to data from US Energy Department, US crude inventories have fallen for three consecutive weeks. Another source of price increase is the worsening geopolitical tensions in the Middle East.

Oil futures were under pressure in May, after data showed that China's crude imports declined in May, adding to concerns over a slowdown in global demand. In early June, Oil prices rose by around 0.6%, following a decision by ministers from the Organization of Petroleum Exporting Countries (OPEC) to maintain current oil production levels at 30 million barrels per day. OPEC held its 167th Meeting 5 June 2015, where it reviewed the oil market outlook with a particular focus on the demand and supply projections, as well as the outlook for the second half of 2015. Noting its continued concern over market volatility and the challenges faced by

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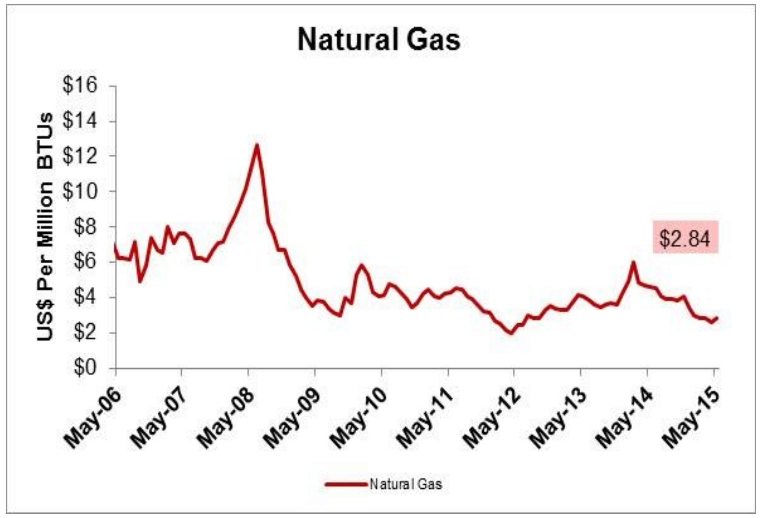
International Commodity Prices

the global oil industry, OPEC reported that a sharp decline in oil prices seen at the end of 2014 and the beginning of 2015 was caused by oversupply and speculation. However, prices have begun to move slightly higher in recent months. World oil demand is expected to increase in the second half of 2015 and in 2016, with non-OECD countries driving growth. Non-OPEC growth of supply in 2015 is forecast to be just below 700,000 barrels per day, which is only around one-third of the growth seen in 2014. In essence, the implications are that prices should be on the increase for the second half of the year.

Natural Gas

Following five months of declining prices, the price of natural gas increased by **10.03% (US 0.26 cents)** to **US$2.84** May 2015 relative to **US$2.58** for the previous month. However, the price at end-May 2015 was still **38.18%** lower than prices in May 2014 and 30% lower than prices in 2013. The moving 5-year average is **US$3.64,** which means that May prices are **22.1%** (**US$0.80)** below average.

According to the weekly natural gas report published by the U.S. Energy Information Administration (EIA), the increase natural gas inventories was lower-than-expected. This supported the increase in natural gas prices in the month's trade. The warmer weather conditions in May was also a key driver for natural gas prices. However according to some analysts, increases in the commodity price have a tendency to be short-lived .



Higher natural gas prices are positive for oilfield service companies. As a result, upstream companies will increase their drilling activity. The rise in drilling activity will increase production, which suggests lower natural gas prices in the long-term. In the short-term however, oversupply factors will push natural gas prices lower while warmer weather might support the increase in natural gas prices.

The EIA expects monthly average natural gas prices to rise somewhat through the summer as cooling demand increases, but remain below $4 per Million Metric British Thermal Unit (MMBtu) throughout the forecast period. Consumption growth in 2015 is so far largely driven by demand in the industrial and electric power sectors. EIA projects natural gas consumption in the power sector to grow by **13.7%** in 2015 and then fall by **2.7%** in 2016. Low natural gas prices support increased use of natural gas for electricity generation so far in 2015. Industrial sector consumption is forecasted to increase by **3.6%** in both 2015 and 2016. This is in the context of new industrial projects coming on-stream and industrial consumers continuing to take advantage of low natural gas prices. Consumption of natural gas in the residential and commercial sectors is projected to decline in 2015 and 2016.

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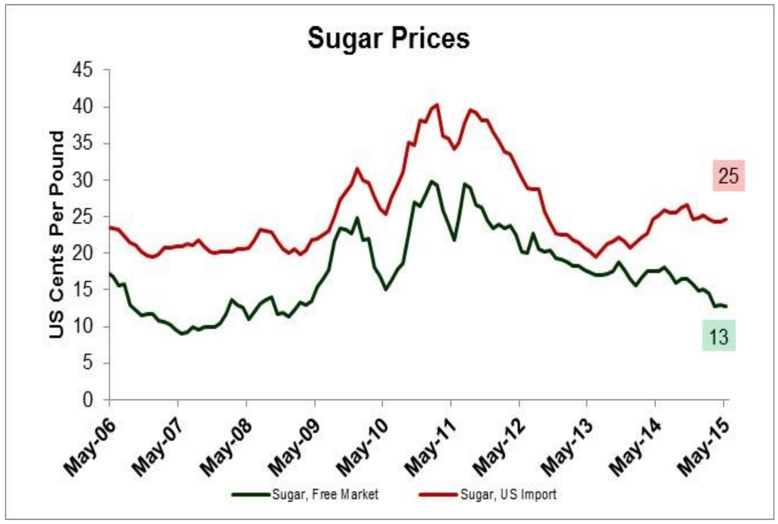
International Commodity Prices

Sugar

Free Market sugar traded at approximately **US$0.13 cents** down by **1.61%** from **US$0.13 cents** per pounds for April. US Sugar imports ended May at **US$0.25 cents** up by **1.36%** from **US$0.24** per pound in April. The annual comparison to May 2014 prices reveals that the price of Free Market sugar is **27.41%** lower, while US import prices is **1.75%** lower than last year. The two year comparison reveals that the Free Market sugar is **27%** lower than prices in 2013 and **22%** higher for the U.S Imports. Our calculations put both commodities below their respective 5-year averages of **29.2%** for the Free Market sugar and **8.3%** for U.S. Imports.

In early May last year, DATAGRO, one of the largest consultancy of ethanol and sugar in the world, told the industry, which gathered for Sugar Week, that Brazil's main center-south region will see higher year-over-year sugar production in fiscal year 2015/16. This followed other estimates for increases in that region, as well as lowered world sugar supply deficit forecasts. May also say the biggest tumble of July raw sugar futures since January. This was also the case for the spot contract of August white sugar on the ICE Futures market the since January.



Given that we are in the early stages of the season for the largest exporter's production cycle, much uncertainty and a wide variation of estimates remains in the market. For example, some predict that Brazilian production of sugar will rise by only **0.4%**, citing a switch to pushing an increased proportion of cane towards making ethanol. The appeal of the commodity is being boosted by an increase to **27%** in the mandated level of the biofuel which must be blended into gasoline. IMF forecasts expects that at the end of the quarter, the Free market price will be at **US$0.1340** cents per pound and the U.S. Imports will be at **US$0.2440** cents per pound.

Maize/Corn

Corn prices fell in May 2015 relative to April of 2015 by **US$5.76 (4.44%).** In this regard**,** corn prices closed the month at **US$166.30** per tonne. Between May 2014 and May 2015 prices

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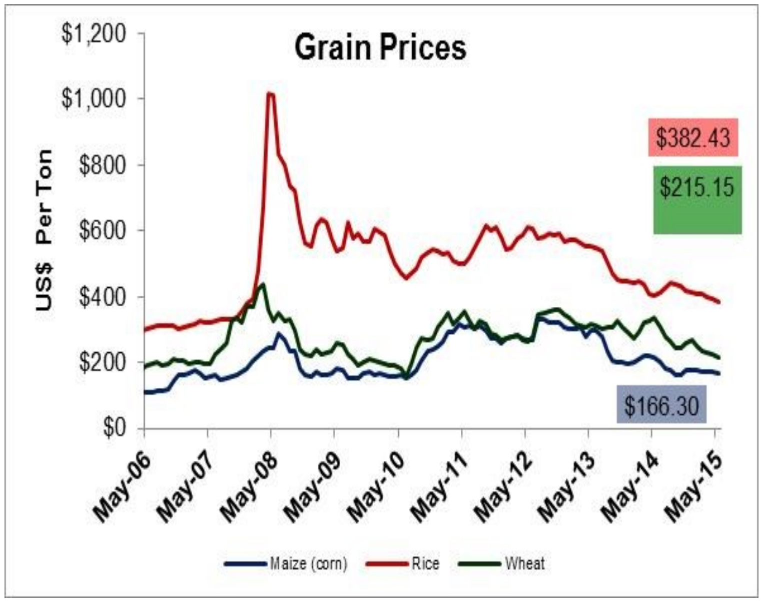
fell by **US$50.62 (23.34%)**. A two year price comparison from May 2013 to May 2015 shows a total price decline of **US$129** (**44%)**. The five year monthly average for corn is **US$251.15,** meaning that current prices are **US$84.86 (33.8%)** lower. Since the USDA released its World Agricultural Supply and Demand Estimates (WASDE) report on May 12th, corn futures prices have moved sideways-to-higher. This reflects a temporary change from the downtrend in corn futures prices since January that had resulted in lows during late April to early May.

USDA demand and supply projections show that corn production for 2015/16 is unchanged at **13,630** million bushels, **4** percent below last year's record level. Based on data reported in the Grain Crushing's and Co-Products Production report, corn beginning stocks for 2015/16 are raised, with a 25-million-bushel reduction in 2014/15 forecast for corn use in ethanol production. Corn ending stocks for 2015/16 are projected at **1,771** million bushels, up **25** million bushels, the same as for beginning stocks. The range for the 2015/16 season-average farm price is unchanged at **$3.20** to **$3.80** per bushel, compared with the 2014/15 range of **$3.55** to **$3.75** per bushel, which is also unchanged this month.

Insight: Corn has food, feed, and industrial uses. *Corn is a major component of livestock feed. Feed use, a derived demand, is closely related to the number of animals (cattle, hogs, and poultry) that are fed corn. The amount of corn used for feed also depends on the crop's supply and price, the amount of supplemental ingredients used in feed rations, and the supplies and prices of competing ingredients. The United States is a major*



player in the world corn trade market, with approximately 20 percent of the corn crop exported to other countries.

Since the USDA released its World Agricultural Supply and Demand Estimates (WASDE) report on June 10th, corn futures prices have declined. With 1) a record high 2014 U.S. corn crop of **14.216** billion bushels (bb), 2) prospects for another large U.S. crop in the 13.2-13.8 bb range in 2015, and c) large 2015 foreign corn and other coarse grain crops, the likelihood of corn futures prices having a strong rally to **$5.00** or above in coming months is limited. This situation could change if substantial crop production or export availability problems occur in either the U.S. or in other major coarse grain production and exporting regions of the World in coming months.

Rice

For the month of May 2015, there was a **(2.54%) US$9.98** per metric tonne decline in the price of *5 percent broken milled white rice*. Similarly, the price of **US$382.43** recorded at end-May reflects a reduction of **US$21.16 (5.24%)** relative to May 2014. The two year comparison reveals that the commodity price is 31% lower than prices in 2013. The five year monthly price average for rice is now **US$490.22**, indicating that the May price is **22%** below the long term average. There has been a continuous decline in prices since august of last year.

Global rice prices have fallen more than **14** percent over the past 8 months, recently hitting their lowest level since January 2008. According to some analysts, the factors that have contributed to this steep decline are:1) reduction in inventories resulting from the sale of inventories by the Government of Thailand 2) continued abundance of exportable rice, despite a smaller global rice crop and lower global ending stocks in 2014/15 3) and the appreciation of the U.S. dollar, which has put downward pressure on global rice prices, since rice is typically traded in dollars. Meanwhile, low oil prices have reduced the buying capacity of several major importers, especially Venezuela and several Middle Eastern buyers, and none of the major Asian rice importers-Indonesia, the Philippines, or Bangladesh-have experienced a crop shortfall that would boost import demand.

Thai rice exports was down **4** percent when compared to the same period last year. This reflected a reduction in white rice exports which declined around **17** percent from last year due to price competition from Vietnamese rice. Currently, export prices for Vietnamese rice are approximately **10** percent cheaper than Thai rice. According to the USDA Foreign Service, global production for 2015/16 is still projected at a record, but marginally lower this month. Global trade, consumption, and stocks are little changed. Marketing year 2014/15 second off-season rice harvest is underway while marketing year 2015/16 main-crop rice cultivation is progressing well. Rice exports in the second half of 2015 are likely to accelerate for the remaining of the year. The IMF forecast price for the end of the second quarter is approximately **U.S.$411.4** per metric tonne.

Wheat

For May 2015, global wheat prices fell for by **US$8.20 (3.67%)** when compared to April, to close at **US$215.15 per tonne**. When compared to May 2014, prices have fallen by **US$119.60** per tonne **(35.73%)**. Prices are also below the 2-year average by **U$$104 (33%)** and below the 5-year average (which is **$297.57**) by **27.7%**.

Oversupply remains an issue in the global wheat market. Despite the current shortage of US supplies, one analyst reported that the removal of duties on wheat exports by Russia on May 15th, a month before schedule, could be a counterbalance. It is estimated that the decision will allow Russia to export over 1 million additional tonnes of wheat by the end of June. With inflation in Russia having hit **17** percent as a result of a drop in the ruble currency, the decision to remove a ban on wheat export duties was primarily motivated by the fact that domestic producers had largely been losing money as a result of the tax. Shipments to Egypt (for which US contracts had recently been cancelled) are now largely based on competition between French and Russian supplies, which seems set to increase as a result of the removal of duties.

Russian wheat export prices rose in the latter weeks of May following an increase in global benchmarks and concerns over dry and hot weather in the European part of Russia, according

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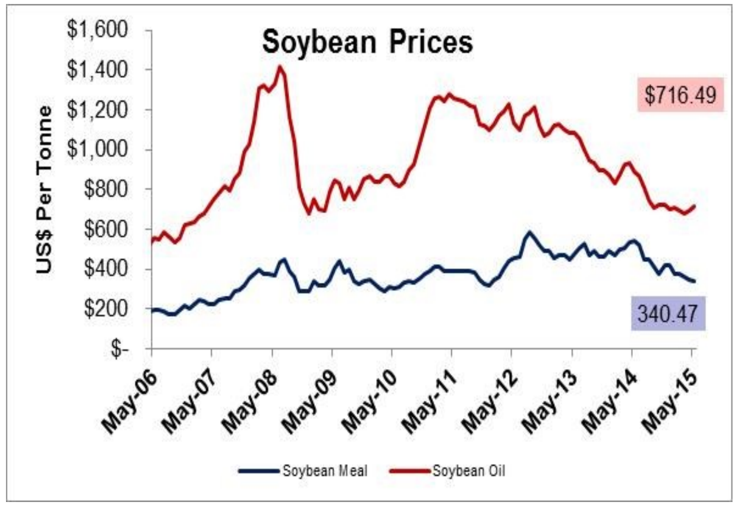
to Russian analysts. The rise of the European wheat market will likely cause further strengthening of Russian wheat. Other analysts speculate that the continued oversupply in the global market will prevent any sustained price increases. The IMF forecast wheat prices to be well below its current level by the end of the second quarter at **US$176.6** per metric tonne. It is not unusual for commodity prices to fluctuate greatly during planting phases due to uncertainty.



Soybean

At the end of May, the price per metric tonne for soybean oil stood at **US$716.49.** This is an increase of **3.59%** more than the April price of **US$691.67.** This month's price is also **19.81%** lower than last year. It is also **34%** and **29.5%** below its 2-year and 5-year average, respectively. The Soybean Meal on the other hand decreased to **US$340.47 (2.64%).** This is **$202.31 (37.27%)** lower than the price level last year. It is also **29%** and **22.9%** below its 2-year and 5-year average, respectively.

The final week in May saw soybean prices collapsing to a seven-month low on expectations that this fall's U.S. bean crop will overwhelm global markets. The U.S. Department of Agriculture recently predicted that global stockpiles will reach an all-time record before the U.S. harvest this fall. This is on the back of rising production in Brazil and Argentina, the world's largest growers of soybeans after the United States. The overall weather outlook at the end of May was good for the bean crop but bad for prices. Without increased soybean demand from the livestock or food industries or a serious threat to production, many fear that prices will continue to be depressed.

Corn and soybean producers have been keeping a close eye on the bird flu outbreak, concerned that the loss of nearly 45 million birds might reduce demand for poultry feed made with the grains and send prices lower. A grain market analyst however, says there appears to be no significant impact to commodity prices in part because demand remains strong from other sources, such as hog and cattle producers. The amount of grain fed to chickens and turkeys is relatively small compared to how much is harvested. About 1 billion bushels of corn and soybeans each went into turkey and chicken feed last year; that's out of 14 billion bushels of corn and nearly 4 billion bushels of soybeans. Soybean Meal is forecasted to be **US$358.5** while soybean oil is forecasted to be **US$696,** by the end of this quarter**.**

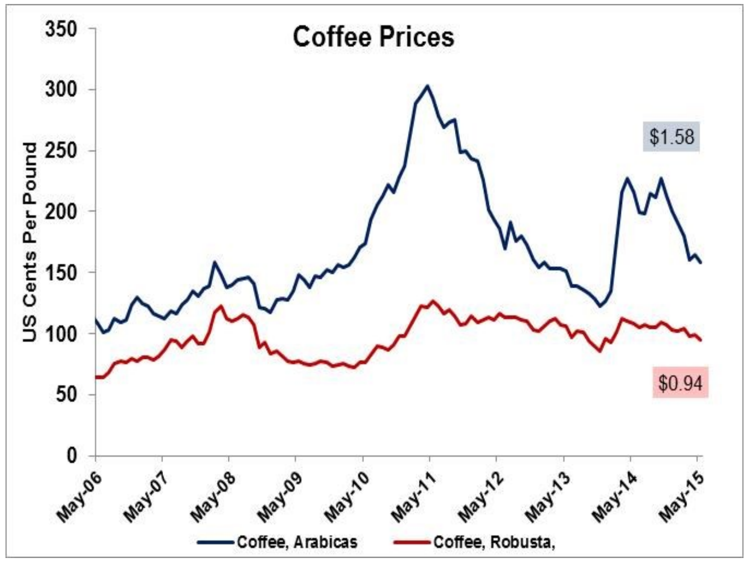
Coffee

The price of the Arabica and the Robusta coffee had slightly larger disparities in May 2015. The Arabica fell by **US$0.07 (4.11%)** to **US$1.58** while the Robusta fell by **US$0.04 (4.44%) to US$0.94.** Between May 2014 and May 2015 prices fell by **US$0.57 (26.51%)** and **US$0.14**

(12.92%), respectively. A biennial comparison from April 2013 to April 2015 shows total price increase for Arabica of **US$0.07 (4%),** while for Robusta, a decline of **US$0.11(11%).** The five year average monthly price for both types of coffee are **US$2.01** and **US$1.10,** respectively. This implies that the current prices of the Arabica and the Robusta are **US$0.43** (**21.2%) and US$0.16 (14.3%)** lower than the five year average prices.

Insight: The coffee price is keenly watched as the second most traded commodity on world markets. Large coffee estates and plantations often export their own harvests, or have direct arrangements with larger roasters or transnational distribution companies, with prices set by the New York Coffee Exchange. Green coffee is purchased by importers from exporters or large plantation owners. At a local level, Importers hold inventory of large container loads, which they sell gradually through numerous small orders.

Coffee prices continued their decline as speculation over the current 2015/16 Brazilian crop suggests that the market has no immediate supply concerns according to reports of International Coffee Organization (ICO). Indeed, one major trading house has already forecast a global supply surplus for 2015/16. The continued weakness of the Brazilian real has put downward pressure on prices. Finally, Conab have released their second estimate of production in Brazil for 2015/16, which is forecast to decrease by 2.3% to 44.3 million bags, which is at the lower end of the initial range given in January.



Banana

Banana prices moved in May 2015 to **US$946.9 per tonne**. In this regard, prices increased by **US$112.35 (10.61%)**, from **US$1,059.14**. in April. For May 2015 relative to May 2014, banana prices rose by **US$30.79 (3.36%) per metric tonne**. The five year average monthly price is **US$949.67**, indicating that current prices are **US$2.87 (0.3%)** lower than the long term average.

In the banana market, the farmers and families who grow Honduras' fruits are under increasing strain. Over the past few years, the sweltering summer rainy season has grown hotter and drier, forcing producers to pump up more groundwater or turn to expensive irrigation systems. Cold spells during the current dry season are becoming even cooler, slowing the rate at which bananas ripen. Some smaller producers are abandoning their fields as the costs of tending to plants make farming less profitable.

According to Tim Priem of United Fresh Service, there is reduced availability of fresh fruit on the market. He noted that It takes four to five weeks for the fruit to be shipped to the US and during the holidays not many people were packing at the plantations. He noted that the European green price is increasing despite the lagging yellow market. In Europe, the green price will increase further, while prices in the Netherlands are stabilizing. Tim further noted that demand is good, although the Netherlands lags far behind compared to other European countries.

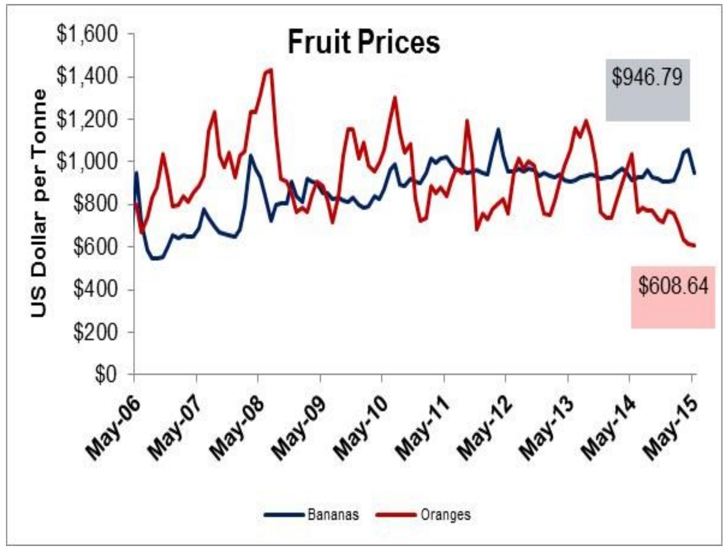
While a lot of bananas in the Netherlands are of Colombian origin, in Europe supplies from Ecuador are increasing. The export from Ecuador to China, a new market is increasing enormously. With the Philippine and Indonesian bananas, China has a reasonable market at home, but due to problems in recent years, the Ecuadorian fruit has made waves there. Experts share expectations that in the long run China could become a very big player for the Ecuadorian fruit. What the effect of this will be on the European market, is not yet known, but it could offer perspectives for the European banana sector to deal with shortages.

Oranges

Orange prices fell by **US$3.49 (0.57%)** in May 2015 to **US$608.64 per metric tonne**, relative to April 2015. Relative to May 2014, prices decreased by **US$431.36 (41.48%).** Compared to May of 2013, prices fell by **US$448 (42%)**. The five year average monthly price is **US$859.58**, which indicates that current prices are **US$250.94 (29.2%)** lower.

Insight: The USDA biannual report, published in January and July is anticipated next month for Orange projections.

Diseases are not the only concerns of citrus growers in one of the top producing locations for citrus this season. Analyst Kevin Bouffard shared that the fatal citrus greening disease is becoming increasingly detrimental to citrus growers. The U.S. Department of Agriculture reduced this season's orange crop by 5.6 million boxes, or 5 percent, to



just 96.4 million boxes. It was the first time in 49 years, that the Florida orange crop fell below 100 million boxes and the lowest total since 1964-65. Consumers are also concerned as they might be struck with higher prices.

The production decline came entirely in the Valencia orange crop, harvested from March to June, which sank by 6 million boxes to 49 million boxes, down 11 percent, according to the USDA crop update. It added 400,000 boxes to the early and mid-season orange harvest, which ended in March, based on deliveries to Florida juice processing plants, which buy 95 percent of the state's oranges.

Beef

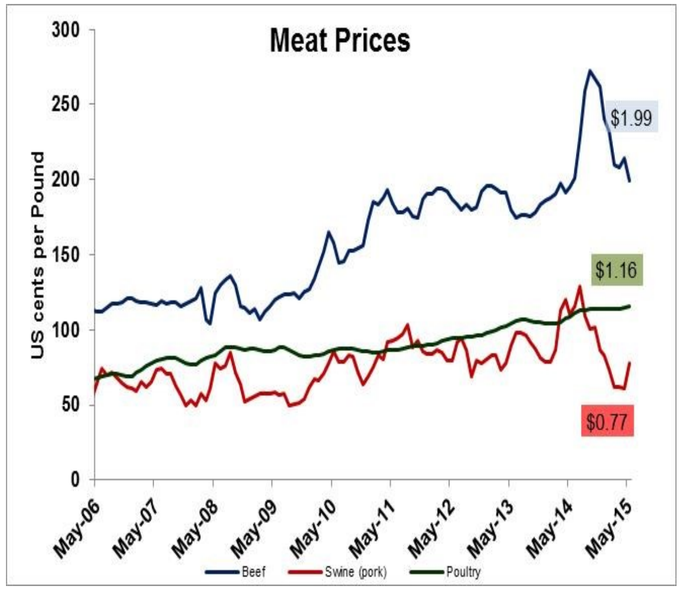
In May 2015, beef prices fell to **US$1.99** per pound, a reduction of **US$0.15 (7.10%)** relative to April 2015. Relative to May of 2014, current prices are **US$0.05** or **2.40%** higher. A look at May 2013 reveals that current prices are **US$0.20 (11%)** higher. The five year average monthly price is **US$1.88** which suggests that current prices are **US$0.1 (5.4%)** higher than the long term average.

International Commodity Prices

This month, experts share that falling beef prices and improved pasture conditions will likely intensify cattle producers' summer grazing intentions. Improved pasture conditions will provide forage for the already low cow numbers, and fewer cows will be slaughtered. Improved pasture conditions will also provide a longer grazing season for feeder cattle, which will leave fewer cattle for placement in feedlots until the end of the grazing season this fall. Falling fed-cattle and beef prices have led to negative cattle feeding and beef packer margins as consumers appear to be backing away from beef at its recent record prices.

Packers are struggling to find cattle and have sharply reduced slaughter in the last few months. The 4th of July weekend is around the corner and this should be the time when retailers are aggressively looking to fill the meat case with ground beef and steaks. It is somewhat worrying to producers that the price of grinding beef items, has failed to generate much of a momentum. And this despite the sharp declines in slaughter experts have seen the last two weeks. As with pork, beef exports will play a critical role. Demand from some Asian markets appears to have slowed down and this has further dented packer returns and their ability to bid on cattle. Futures saw the recent drop in slaughter as bearish for nearby cattle—a signal that packers will keep slaughter light rather than bid themselves deeper into the red.

The weather seems to be in farmers' favor in the beef market for the crop year 2014/2015. The wettest winter since 2007 has ranchers in Texas optimistic about spring. That's because improving pastures are helping producers add cows in Texas and across the country. The latest cattle inventory report showed cattlemen and women added 600 thousand heads in 2014, with states like Texas growing herds by 7 percent. "We know rain makes hay, rain makes grain and we know the industry is responding with expansion" says Art Wagner, VP Cattle Procure-



ment, and National Beef Packing. Tight supplies have made the last couple of years difficult to manage. Be it stocker operators, feed yards or packers that scarcity of supply made for record prices in 2014. However, since the first of the year, a mild winter, rising dollar values, slow-downs at West Coast Ports and now proof of increasing supplies, all combined to push prices lower. Don Close, RaboBank AgriFinance noted that that there are 20 percent more cattle on wheat pasture this year and thinks that there is a lot of background and grow yard cattle.

Poultry

According to the IMF commodity tracker, there was a larger increase in the price of poultry for May 2015 relative to the April increase, increasing from **US$1.15 cents to US$1.16 cents per lb., a 0.95% increase**. This is **6.59%** higher than last year and 11% higher than two years ago. It is also **13.8%** than the 5-rear average. The increase comes in light of the still present bird flu case.

International Commodity Prices

The global case of avian flu has had a big impact on international markets. The global trade streams and prices are expected to remain under pressure for the remainder of 2015, according to Rabobank's latest Poultry Quarterly Q2 report. The long-term impact may be significant due to several trade bans on breeding stock in importing countries. Supply growth discipline is important under such worsening conditions. This has been proven by countries with healthy market balances in their markets like US, Brazil, South Africa and Japan where the industry is still making good margins. Supply growth discipline, in part, ensure that the difference between demand and industry supply is minimized, that is, the two are matched as closely as possible, so that price fluctuations are minimized. Many countries in Asia, including China, who have implemented restrictions on trade on breeding stock might be affected by low supply next year due to expected future shortages in local breeding value chains.

US farmers have been forced to kill almost 40 million chickens and other birds, causing egg prices to soar as a deadly version of the avian flu attacks the poultry industry. An outbreak of a particularly infectious version of the bird flu, believed to come initially from wild ducks and geese, has spread into 15 US states and two Canadian provinces, requiring the mass slaughter of egg-laying chickens and turkeys in particular. That has translated into an 80 percent surge in the wholesale price of eggs, and a more modest hike in turkey meat costs, which could last for the rest of the year even if the flu outbreak can be successfully contained, according to industry officials. The Midwest state of Iowa, the largest US egg pro-

ducer, has seen some 25 million birds, mostly chickens for egg production, killed. Poultry is expected to be **US$1.183** at the end of quarter two this year, according to IMF forecasts.

Swine (Pork)

In May 2015 the prices for pork decreased by **US$0.16 (26.79%)** to close at **US$0.77 per pound**. The price of pork was **US$1.10 per pound** in May 2014, which reflects a **US$0.33 (30.01%)** price decrease relative to May 2015. A two year analysis of pork prices shows that current prices are **US$0.12 (13%)** lower than they were in 2013. The five year monthly average price per pound for pork is **US$0.89**, this means that current prices are **US$0.12 (13.8%)** higher than the long run average.

Experts asserts that the pork cutout seasonally moves higher in late June but large pork supplies appear to have overwhelmed the market. A number of items that normally support the cutout at this time of year have failed to generate much upward momentum. In 2012 and 2013, the loin cutout gained about $20/cwt. between late May and June 30th. This year, however, those promotions do not appear to be providing much of a lift for loins. This could be because of weaker consumer demand. It may also indicate that supplies are too large and thus lower prices are required to clear the market. Hog carcass weights are starting to come down but they still remain about **3.5 per cent higher** than in 2012 and 2013. So with 13 per cent more pork in the market than in 2012-13, there should be little surprise that prices for items such as loins or hams currently are tracking 15-20 per

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cent lower.

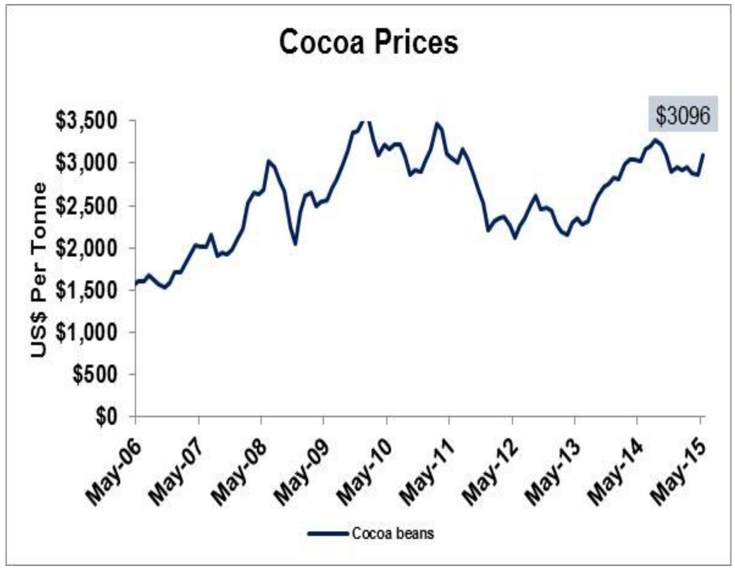
A comparison is not made with 2014 year recognizing that last year markets were severely stressed by PEDv induced shortages. Going into July, the expectation is for hog slaughter to ease a bit lower, somewhere in the 2 million head/week range. Also, hog weights should continue to decline as hog weather normally starts taking a toll on animals. Exports remain a key wild card and weak ham values are a warning sign that Mexico purchases may have slowed down. For now, pork supplies appear to be burdensome, especially for items that carry a large portion of the cutout such as loins and hams. As a result, futures have sold deferred contracts aggressively, anticipating even larger supplies coming to market later this year. Experts share concern about the PEDv cases although there is little talk at this point about PEDv. It is summer and normally the number of PEDv cases declines but the issue could resurface later in the fall. If cases start to crop up, we will likely see risk premiums return for late spring and summer 2016 futures.. For now, markets remain concerned about current pipeline supplies and the ability of domestic consumers to absorb the additional supply.

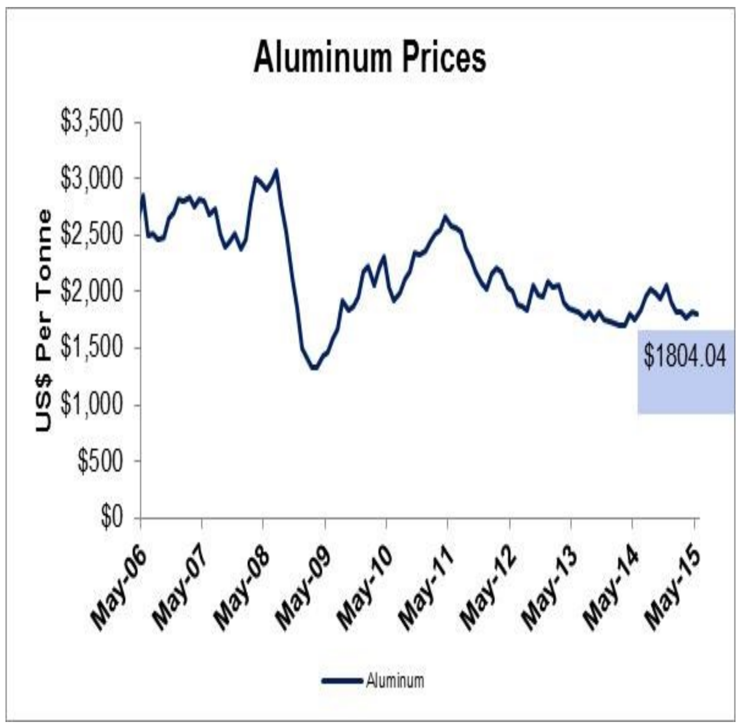
Aluminum

Aluminum prices fell by **US$15.15 (0.83%)** per tonne and closed May 2015 at **US$1,804.04** per tonne. Relative to May 2014, prices decreased by **US$52.99 (3.03%)** per tonne. Relative to May 2013, prices decreased by **US$29 (2%).** The five year average monthly price for aluminum is **US$1,995.48** per tonne, meaning that current prices are **US$191.44 (9.6%)** lower.

Expert Lisa Reiisman reports that despite a strong start during the early part of May, as the US dollar entered a small correction, aluminum prices have continued their downward price movement with the other industrial metals. If the dollar continues its moves to the upside aluminum will likely remain in a bear market. Several indicators tell the state of aluminum supply. Traders have reported Chinese bar products have now entered European markets cost-competitively, the first time in five years, as a result of the Chinese export tax change reported last month. In addition, service centers have ample aluminum stocks and global aluminum producers have reported extremely short lead times — in some cases days, and in other cases longer than three weeks.

Insight: With electricity accounting for approximately 37% of the total cost of aluminium production, analysts expect to see aluminium production shift to nations that have access to low cost energy sources.





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International Commodity Prices

May 2015 Issue

Impact of global prices on Jamaica

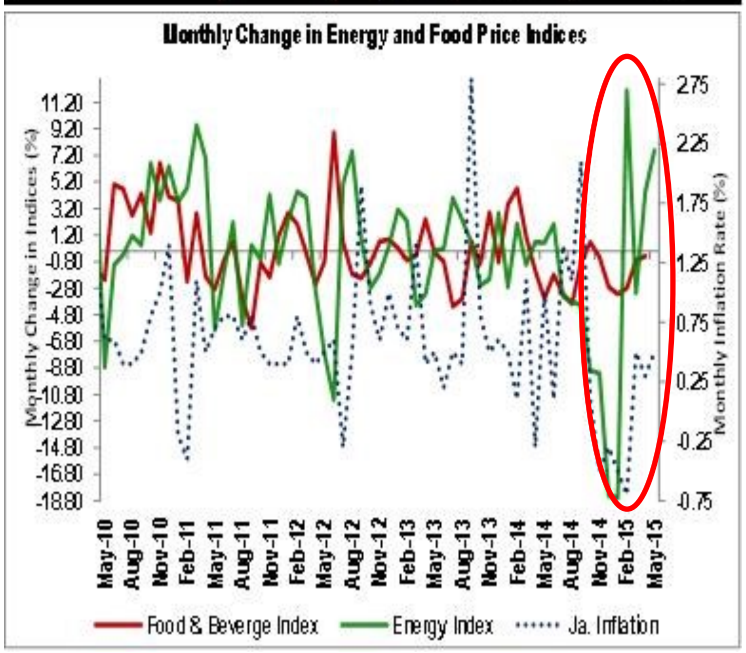
There were prices reductions in **55%** of the commodities monitored for May 2015. The price of both crude oil indices increased in May 2015. The Brent and the WTI increased by **8.7%** and **9.3%,** respectively. Natural had similar price movements in May and increased by **10%.** The IMF's Fuel Energy index increased by **7.9%,** the Food and Beverage Index fell by **0.4%.** The unsettled market for fuel energy, will show periods of small spikes in prices, the price of the WTI is expected to hover around the projected **US$59.00 - US$66.00** per bbl. over the next two to three months.

This rise in fuel price is expected to be short lived as the normal cyclic movements should cause prices to fall or stabilize in the later part of the year. The projections on food prices show that they will decline towards the end of 2015 (**see table page 20**). To this end, the domestic inflation should continue to be moderated by both local food production and international food prices. BOP and exchange rates should thus be positively impacted.

The graph to the right shows the relationship between movements in commodity prices and movements in domestic inflation. The upward movements in the international price indices for May 2015 along with local price increases should be observed in Jamaica around end-July 2015. In addition, inflation of **0.5%** for May 2015 would have been influenced by the price movements in March-Apr. 2015.

The adjusted forecast by the BOJ is for inflation to fall in the range of **5.5%** to **7.5%** in the 2015 fiscal year. The PSOJ sees significant risks from exchange rate movements, domestic agricultural production and wage increases, higher taxes and money growth. In this regard, the PSOJ's adjusted forecast is for inflation to fall between **3%** and **6%** will remain until end of October 2015. Weather conditions, fuel prices are the biggest risk to these projections.

Commodities	Unit	Price	Price	Monthly Change
		May-15	Apr-14	Percent
Aluminum	Metric ton	1804.04	1819.19	-0.8%
Bananas	Metric ton	946.79	1059.14	-10.6%
Beef	Pound	199.21	214.43	-7.1%
Cocoa beans	Metric ton	3096.00	2868.27	7.9%
Coffee- Arabicas	Pound	158.17	164.95	-4.1%
Coffee- Robusta	Pound	94.35	98.73	-4.4%
Maize (corn)	Metric ton	166.30	172.05	-3.3%
Natural Gas	MMBTU	2.84	2.58	10.0%
Dated Brent Crude	Barrel	64.56	59.39	8.7%
Crude WTI	Barrel	59.26	54.20	9.3%
Oranges	Metric ton	608.64	612.13	-0.6%
Swine (pork)	Pound	77.32	60.98	26.8%
Poultry	Pound	115.96	114.88	0.9%
Rice	Metric ton	382.43	392.41	-2.5%
Soybean Meal	Metric ton	340.47	349.71	-2.6%
Soybean Oil	Metric ton	716.49	691.67	3.6%
Sugar- Free Market	Pound	12.70	12.91	-1.6%
Sugar- US Import	Pound	24.72	24.39	1.4%
Wheat	Metric ton	215.15	223.34	-3.7%



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INTERNATIONAL COMMODITY PRICES (IMF)

Commodities	Units	Actual Prices 2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	Projections 2015Q2	2015Q3	2015Q4	2016Q1	Percentage Change Q1-15/Q1-14	Q2-15/Q1-15	Q3-15/Q1-15	Q4-15/Q1-15
Food														
Cereals														
Wheat	$/MT	297.1	322.1	262.5	257.9	238.8	220.0	180.6	187.2	192.7	-20%	-8%	-24%	-19%
Maize	$/MT	210.1	213.9	173.9	173.5	174.2	169.2	140.4	145.7	149.8	-17%	-3%	-19%	-14%
Rice	$/MT	440.7	409.4	485.0	420.8	406.6	392.4	381.6	379.5	339.0	-8%	-3%	-6%	-17%
Barley	$/MT	162.7	166.9	132.8	122.0	132.2	131.1	132.5	117.2	142.3	-19%	-1%	0%	8%
Vegetable oils and protein meals														
Soybeans	$/MT	498.3	540.4	421.7	370.9	363.9	353.6	336.0	331.4	334.8	-27%	-3%	-8%	-8%
Soybean meal	$/MT	493.3	531.9	486.0	406.7	372.7	344.2	330.6	323.9	322.8	-24%	-8%	-11%	-13%
Soybean oil	$/MT	877.9	899.7	757.1	716.1	696.4	704.9	707.9	709.8	714.5	-21%	1%	2%	3%
Palm oil	$/MT	813.7	794.7	695.9	653.3	627.9	597.4	608.9	608.6	628.7	-23%	-5%	-4%	0%
Fish meal	$/MT	1657.9	1861.6	1973.6	2192.7	2031.9	1854.6	1625.3	1577.1	1570.9	23%	-9%	-20%	-23%
Sunflower Oil	$/MT	1133.1	1121.5	1012.5	1054.2	974.0	1002.0	993.1	985.0	1003.2	-14%	3%	2%	3%
Olive oil	$/MT	3599.0	3668.5	4122.1	4262.5	4568.3	4606.6	4658.8	4704.7	4762.0	27%	1%	2%	4%
Groundnuts	$/MT	2377.3	2228.8	2046.8	1940.1	2016.8	2017.3	1966.8	1916.3	2089.2	-15%	0%	-2%	1%
Rapeseed oil	$/MT	980.3	968.1	849.6	824.4	755.1	742.3	737.1	731.9	700.1	-23%	-2%	-2%	-7%
Meat	cts/lb													
Beef	cts/lb	191.8	195.5	252.9	256.0	216.6	214.4	212.0	209.6	214.1	13%	-1%	-2%	-1%
Lamb	cts/lb	124.1	136.4	132.8	130.2	122.5	115.2	116.3	117.8	118.5	-1%	-6%	-5%	-3%
Swine Meat	cts/lb	92.8	115.4	112.8	90.3	65.5	61.0	61.0	61.0	59.3	-29%	-7%	-7%	-9%
Poultry	cts/lb	104.7	109.0	113.0	113.9	114.0	114.9	117.5	115.8	117.9	9%	1%	3%	3%
Seafood														
Salmon	$/kg	7.8	6.9	5.9	5.8	5.6	5.1	5.1	4.8	4.9	-28%	-8%	-8%	-11%
Shrimp	$/lb	17.1	17.8	17.0	14.3	15.7	15.7	15.5	16.5	16.0	-9%	0%	-1%	2%
Sugar														
Free market	cts/lb	16.8	18.2	17.7	15.8	14.1	12.8	11.9	12.3	13.7	-16%	-9%	-16%	-3%
United States	cts/lb	22.4	25.3	26.5	25.3	24.8	24.5	24.8	24.6	24.7	11%	-1%	0%	0%
EU	cts/lb	27.5	28.0	27.8	26.3	25.2	24.9	24.9	24.9	25.1	-8%	-1%	-1%	-1%
Bananas	$/MT	947.1	929.2	989.3	911.9	974.8	1059.1	1036.3	1024.5	1032.1	3%	9%	6%	6%
Oranges	$/MT	777.4	838.8	774.1	739.8	698.5	612.1	608.6	606.4	615.9	-10%	-12%	-13%	-12%
Beverages														
Coffee														
Other milds	cts/lb	175.8	213.7	208.4	213.5	177.0	162.6	126.5	131.6	135.2	1%	-8%	-29%	-24%
Robusta	cts/lb	102.0	107.9	106.0	106.6	101.4	79.2	74.1	75.5	77.0	-1%	-22%	-27%	-24%
Cocoa Beans	$/MT	2951.3	3085.0	3229.2	2985.6	2918.5	3065.5	3178.3	3147.3	3117.7	-1%	5%	9%	7%
Tea	cts/kg	247.9	222.2	233.7	247.6	291.2	290.7	300.6	308.8	292.8	17%	0%	3%	1%
Agricultural raw materials														
Timber														
Hardwood														
Sawnwood	$/M3	901.9	917.3	910.0	862.6	826.2	814.2	822.3	853.3	824.7	-8%	-1%	0%	0%
Softwood														
Sawnwood	$/M3	306.1	312.6	308.3	302.1	309.2	306.1	297.0	292.0	306.8	1%	-1%	-4%	-1%
Cotton	cts/lb	94.0	92.6	77.1	68.7	68.8	65.1	64.3	65.2	65.2	-27%	-6%	-7%	-5%
Wool														
Fine	cts/kg	1114.0	1086.0	1068.1	1029.4	947.8	986.8	986.8	986.8	986.8	-15%	4%	4%	4%
Rubber	cts/lb	102.1	96.1	83.4	73.5	78.6	101.7	108.4	108.0	115.2	-23%	29%	38%	47%
Metals														
Aluminum	$/MT	1709.3	1800.2	1989.7	1970.4	1802.1	1790.2	1772.8	1798.3	1812.3	5%	-1%	-2%	1%
Tin	$/MT	22696.3	23146.2	21915.2	19897.9	18370.0	15768.6	15548.7	15574.0	15592.0	-19%	-14%	-15%	-15%
Nickel	$/MT	14661.0	18467.8	18584.2	15860.5	14392.8	13035.4	12802.7	12845.7	12887.0	-2%	-9%	-11%	-10%
Zinc	$/MT	2026.5	2071.4	2310.7	2235.3	2079.8	2238.4	2227.4	2233.1	2236.0	3%	8%	7%	8%
Energy														
Spot Crude 1/	$/bbl	103.7	106.3	100.4	74.5	51.7	60.7	61.0	62.0	63.0	-50%	17%	18%	22%
Natural Gas														
US, domestic market	$/MMBTU	5.2	4.6	3.9	3.8	2.9	2.8	2.7	2.9	3.2	-45%	-4%	-6%	10%
Coal														
Australian, export markets	$/MT	82.6	77.9	72.7	67.4	65.6	61.9	55.1	57.8	67.2	-21%	-6%	-16%	3%

Petroleum price is average of spot prices for U.K. Brent, Dubai and West Texas Intermediate

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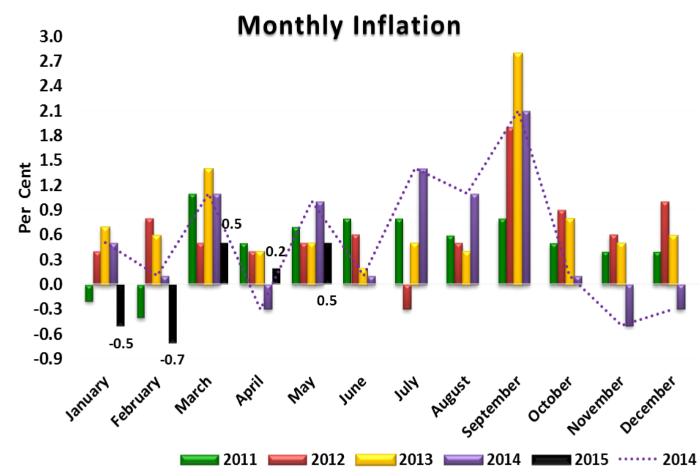
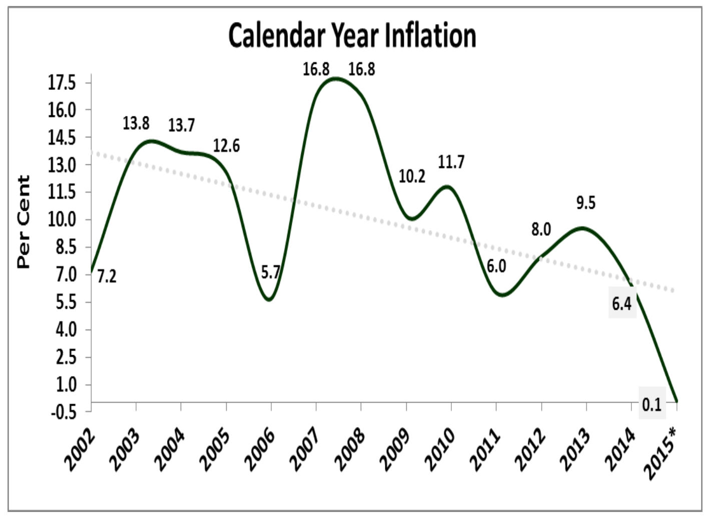
Monthly Inflation and Treasury Bill Rates

May 2015 Issue

Domestic Inflation Rate

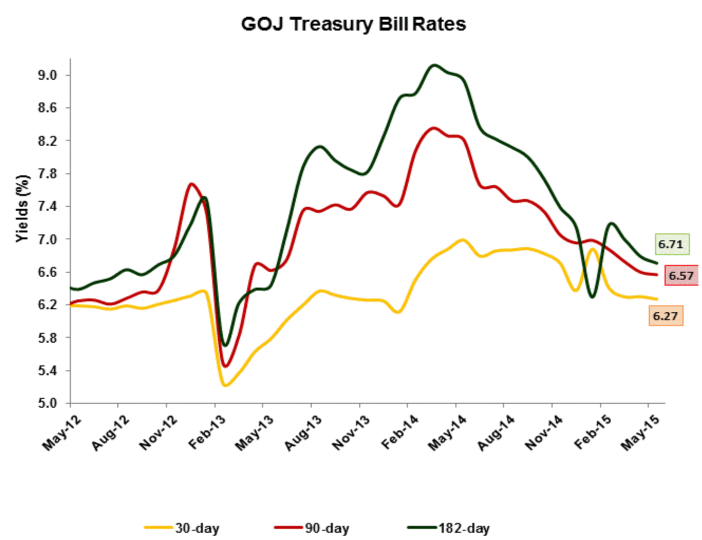


Domestic inflation, measured by the All Jamaica "All Divisions" Consumer Price Index (CPI) increased by **0.5%** for May 2015. According to the Statistical Institute of Jamaica, the outturn for the month was largely influenced by a sharp increase in *Food & Non-Alcoholic Beverages, Housing, Electricity, Gas, and other Fuels* and *Transport*. The movement in *Food & Non-Alcoholic Beverages was primarily due to an increase in the prices of vegetable & starchy foods. The increase in the other two divisions resulted from increases in Electricity & Gas and Transport.*



For CY-May 2015, inflation rate is **0.1%** compared to **2.4%** for CY-May 2014. The annual change in inflation was **4.0%**. The PSOJ's inflation projections for June and July to be approximately **0.45%** and **0.4%,** respectively**.** This then means that inflation for the third quarter, with expected increases in school related expenses and possible bad weather is the period of highest risk. Nonetheless, with a thirty to forty percent probability that fuel prices could fall in the latter part of the year. The possibility of a **2-3%** inflation for the year is still on the table. The main risks to the inflation expectation are bad weather conditions, higher than expected currency depreciation and fuel prices move adversely. If these risks materialize, inflation should be at the higher end of the PSOJ projections of **3%** to **6%**. While fuel prices are rising and may continue to December, food prices could moderate domestic inflation towards **6%**.

GOJ Treasury Bill Rates

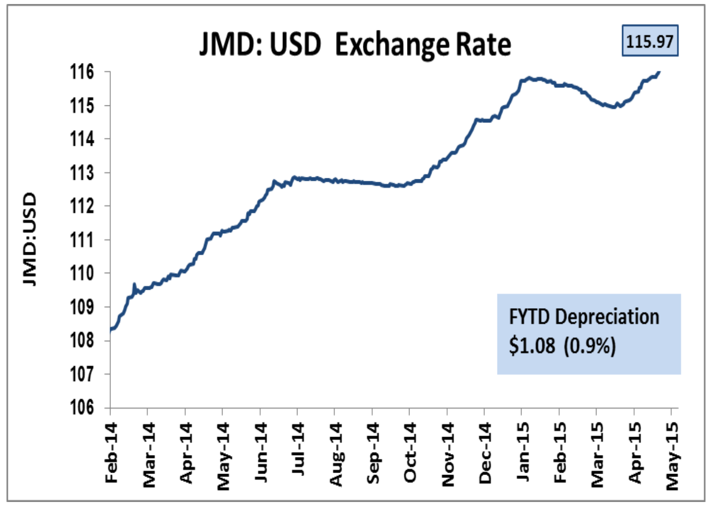


Yields on all tenors of GOJ Treasury Bills declined for the May 2015 auction. In this context, there were reductions of **3 bps, 3 bps and 8 bps** in the yields on the 30-day, 90-day and 180-day tenors of GOJ Treasury Bills. For the fiscal year to May 2015, yields on the 30-day, 90-day and 182-day tenors fell by **3 bps, 16 bps** and **29 bps,** respectively. Overall, the decline in the yields for the may be an indication of improved confidence in the outlook for general macroeconomic economic performance over the medium to long term. Additionally, lower yields on the instruments may also reflect the improved outlook for the inflation environment, primarily in light of recent announcements by the Bank of Jamaica of a **4.0%** inflation rate for FY2014/2015 and that inflation for the FY2015/16 will fall below the range of **5.5%-7.5%**, for the year.

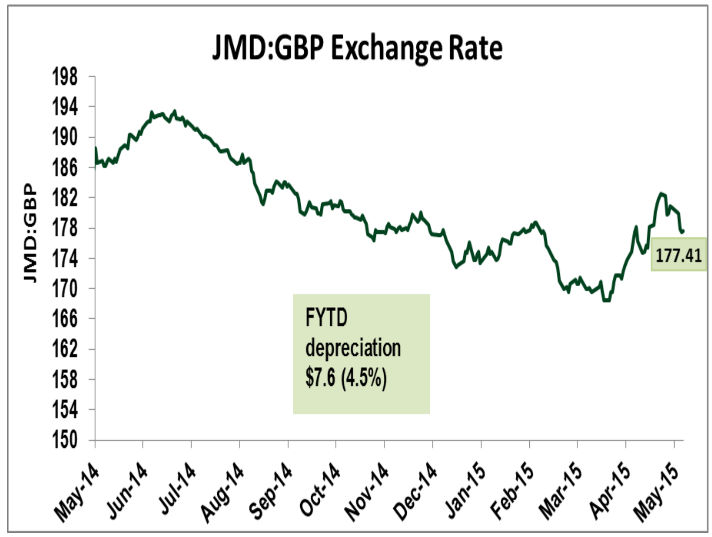
Monthly Exchange Rates Update

May 2015 Issue

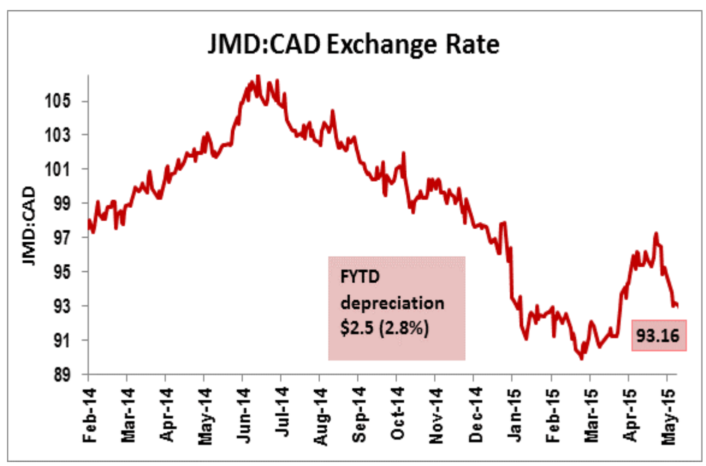
Relative to April 2015, the Jamaica Dollar depreciated vis-à-vis the US dollar while appreciating vis-à-vis the Canadian dollar and the Great British Pound. The movement in the currency brought the Fiscal year to May depreciation relative to the US dollar to 0.94% (J$ 1.08) and the Fiscal year to May appreciation relative to the Great British Pound and Canadian dollars to 4.47% (J$ 7.6) and 2.81% (J$2.54), respectively.



The Jamaica Dollar depreciated by **$0.47 (0.41%)** vis-à-vis the US Dollar for May 2015 relative to April 2015. At end-May 2015, the Dollar traded at **J$116.12=US$1.00.** Contrastingly, the Dollar appreciated by **J$0.53 (0.3%)** and **J$2.93 (3.05%)** against the Great British pound and Canadian dollar, respectively. At end-May 2015, the Jamaica Dollar traded at **J$177.57=GBP£1.00** and **J$93.16=CAD1.00**, respectively.



However, the increased pace of depreciation vis-à-vis the US dollar relative to the month of April 2015 may be reflective a combination of market factors which may include increased demand for US dollar at the onset of the summer vacation season. However, the Jamaican Dollar continues to hold strong against the Canadian dollar and Great British pound which may be reflective of continuous successful performance under the EFF, particularly in light of the most recent successful performance for the March 2015 quarter. In addition, the movement in the rate has been largely responsive to the stock of Net International Reserves (NIR) at the Central Bank which continues to be boosted by disbursements from the International Monetary Fund (IMF) following each successful quarterly review.



In May 2015, The Bank of Jamaica explained that currently, the pace of depreciation does not pose a challenge to domestic inflation given the recent changes in the fundamentals that drive exchange rate. In particular, net demand from the current account has been narrowing given the reduction in the deficit. The BOJ expects that exchange rate depreciation will continue to slowdown.

FX-Trends CY Changes

	J$/USD	%	J$/GBP	%	J$/CAD	%
CYT-May 2015	0.47	0.4%	-0.53	-0.3%	-2.93	-3.1%
CY-2014	8.28	7.8%	1.98	1.1%	-2.03	-2.0%
CY-2013	13.40	14.4%	27.03	18.0%	2.71	2.9%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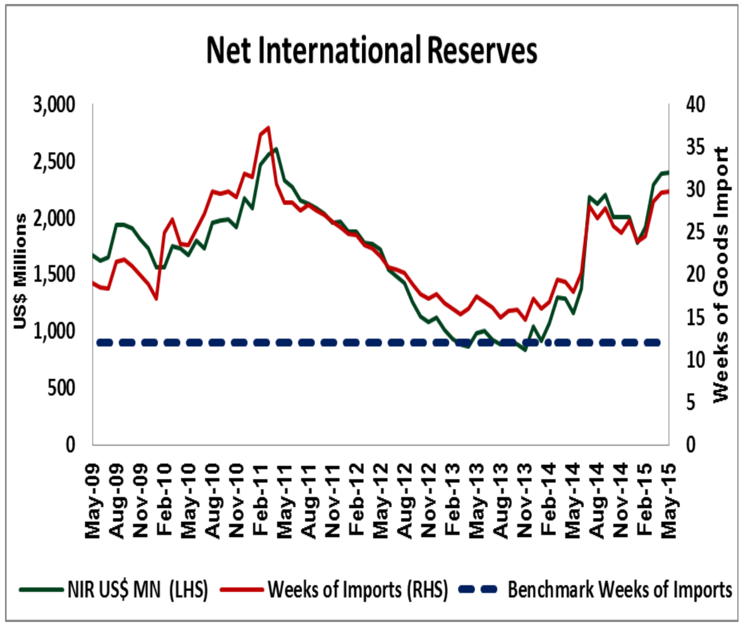
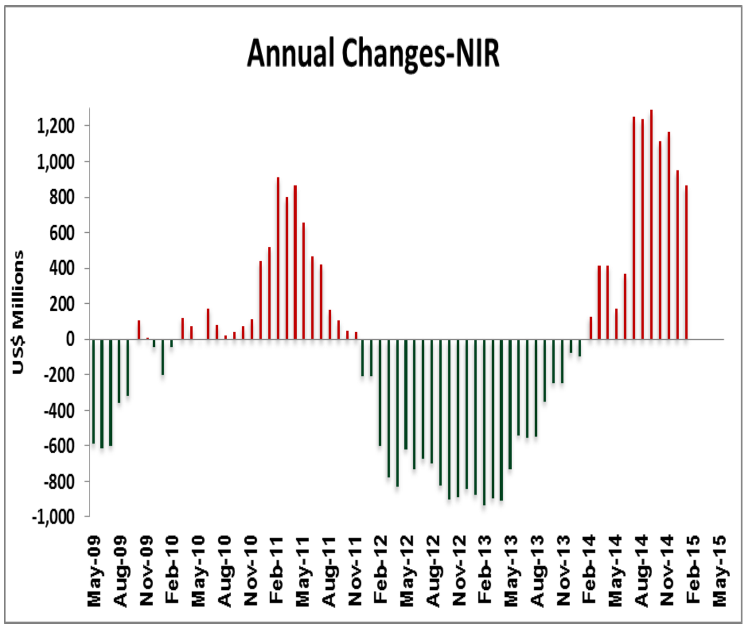
Net International Reserves & Money Supply

Net International Reserves

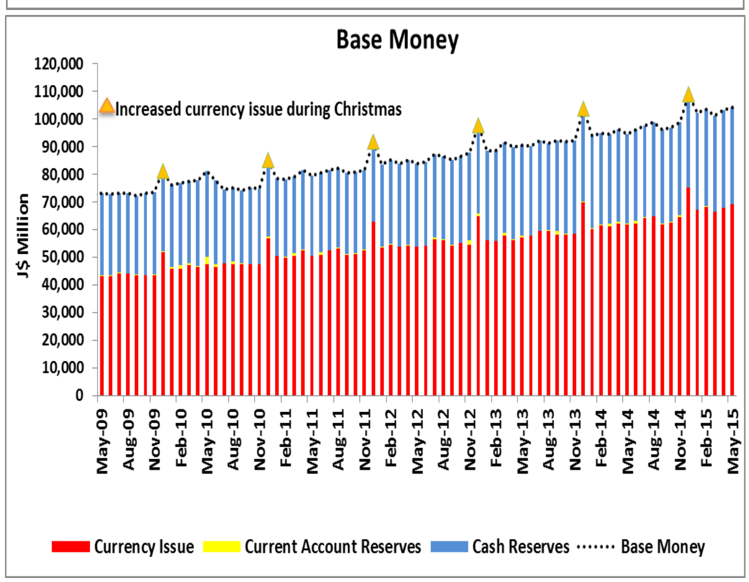
At end May 2015, the stock of Net International Reserves (NIR) at the Bank of Jamaica was **J$255.44 billion** (**US$2,401.24 million)** reflecting an increase of **J$923.25 million** (**US$8.68 million**) relative to the previous month. For the month, the change in the NIR was largely due to an increase of **US$4.43 million** in the external holdings of foreign assets which was supported by a decline of **US$4.25 million** in liabilities to the IMF. At the end May 2015, the gross reserves at the Central Bank were sufficient to finance **29.73** weeks of goods imports which represents **17.73** weeks over the international benchmark of **12** weeks of goods imports.





Base Money

For May 2015, there was an expansion of **J$1.04 billion (1.01%)** in the monetary base relative to the previous month. This expansion resulted in an end-month stock of **J$104.17 billion**. The movement in the base mainly reflected net currency issue of **J$1.4 billion** which was partially offset by declines of **J$265.00 million** in commercial banks' statutory cash reserves and a decline of **$86 million** in commercial bank current account balances. The expansion in the base resulted from an increase of **J$923.25 million** in the Net international Reserves (NIR) which was supported by an increase of **J$117.60 million** in the Net Domestic Assets (NDA).

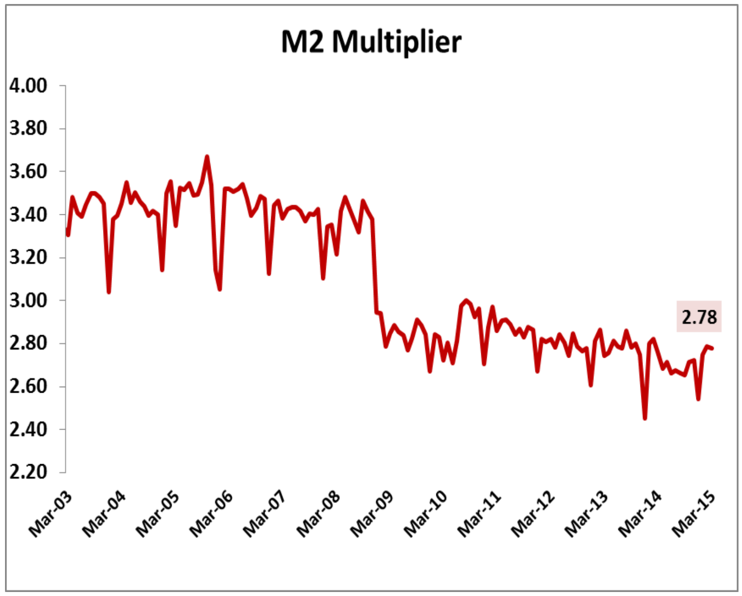


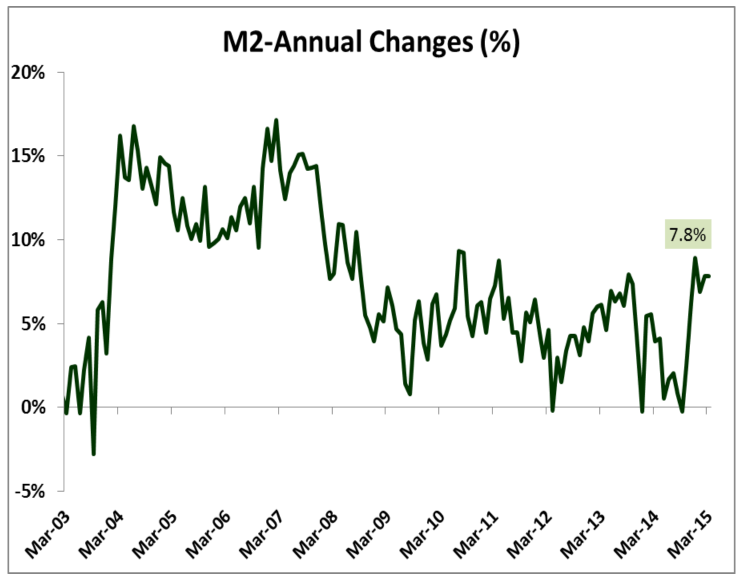
On an annual basis, the multiplier increased from **2.76** at March 2014 to **2.78** at March 2015. For the same period, the monetary base increased by **J$6.65 billion (7.05%).** Consistent with the movements in the base and the multiplier, money supply increased by **J$20.44 billion (7.84%)** for March 2015 relative to 2014. The increase in the supply of broad money would have contributed to the observed increase in private sector credit for the period.

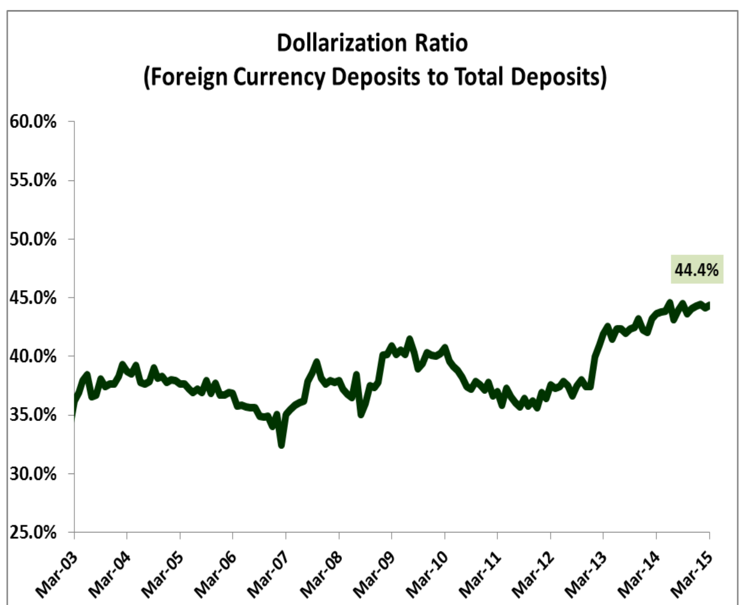
Dollarization Ratio

Revised data indicates that the dollarization ratio increased marginally from **43.6%** at March 2015 to **44.4%** at March 2014. This increase reflected the marginally stronger accumulation of foreign currency deposits in the commercial banking system relative to local currency deposits. This may be reflective of consumers' converting their holdings of local currency deposits to foreign currency deposits in light of a depreciation of **5.0%** in the exchange rate vis-à-vis the US dollar.

The dollarization ratio is the proportion of foreign currency deposits relative to total deposits in domestic financial institutions, in this case, the domestic financial institutions include only commercial banks. The dollarization ratio measures the extent to which citizens of Jamaica officially or unofficially use foreign currency as a legal tender for transacting businesses. Dollarization is an important indicator of currency substitution. Its presence is generally an indication that there is greater stability in the value of the foreign currency relative to the domestic currency. While dollarization is not unique to Jamaica as a developing country, the adverse effect is that it may increase the volatility of money demand and impinge on the capacity of the Central Bank to conduct monetary policy. In addition, it contributes to the depreciation of the local currency. Finally, dollarization, is regarded as an obstacle to the conduct of monetary policy, given that in the presence of dollarization, domestic monetary policy is also impacted by foreign economic variables, therefore the Central Bank's autonomy is limited.







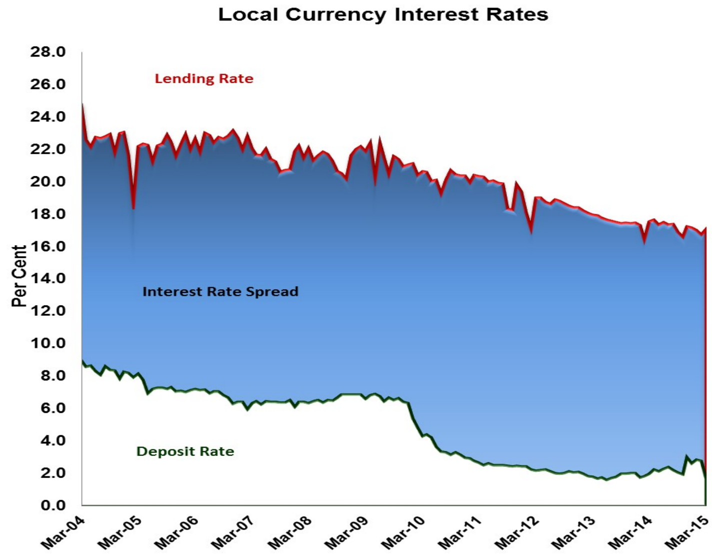
Commercial Banks Interest Rates

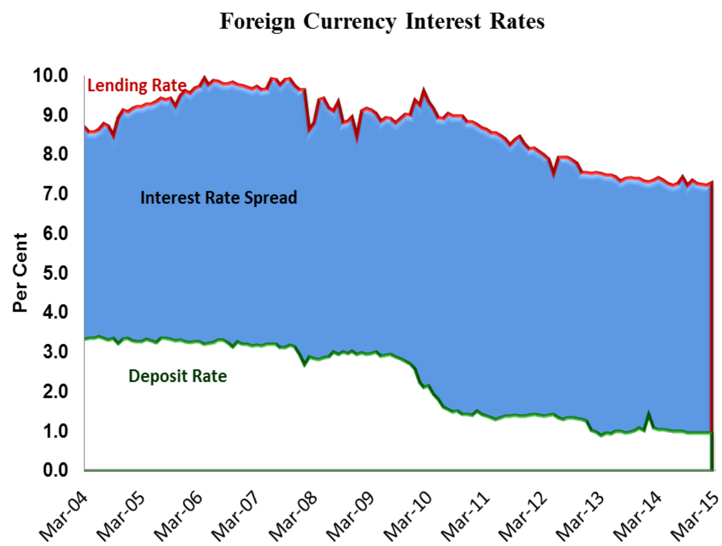
May 2015 Issue

Commercial Bank Interest Rates

The overall weighted average lending rate on local currency loans increased by **0.36 bps** to **17.10%** for March 2015 relative February 2015. The increase largely occurred in the context of an increase of **4.43 pps** on Central Government loan rates which was partially offset by declines all other categories of loans. As a consequence, the spread on domestic currency loans narrowed to **15.40%** at March 2015 relative to **13.95%** at February 2015.

Similarly, interest rates on foreign currency loans for March 2015 increased by **8 bps** to **7.21%** relative to February 2015. This change largely resulted from reductions in the rates on foreign currency personal loans by **5 bps**, which was supported by reductions in rates charged on personal credit and installment credit. The interest rate spread on foreign currency loans in commercial banks was **6.35%** for March 2015 from **6.27%** for February 2015.





Domestic Currency Weighted Loan Interest Rates (%) March 2015							
	Instalment Credit	Mortgage Credit	Personal Credit	Commercial Credit	LGOPE	Central Govt.	Overall A/W Rate
Monthly Change	-0.05	-0.01	-0.01	-0.05	-4.11	4.43	0.36
Annual Change	-0.58	-0.12	0.33	-0.15	-1.55	3.36	-0.47
End of Month	15.96	9.72	25.51	12.79	10.44	14.25	17.10
Foreign Currency Weighted Loan Interest Rates (%) March 2015							
Monthly Change	-0.01	0.00	-0.08	0.05	0.12	n.a	0.08
Annual Change	-0.04	-0.03	1.34	-0.05	-0.12	n.a	-0.06
End of Month	8.55	6.72	17.07	6.85	6.34	n.a	7.29

Tourist Arrivals

May 2015 Issue

Tourist stopover arrivals rose to **189,903** for April 2015, reflecting an increase of **4.5%** relative to the April 2014. The uptick in the monthly arrivals largely resulted from an increase of **8,233** in stopover by foreign nationals.

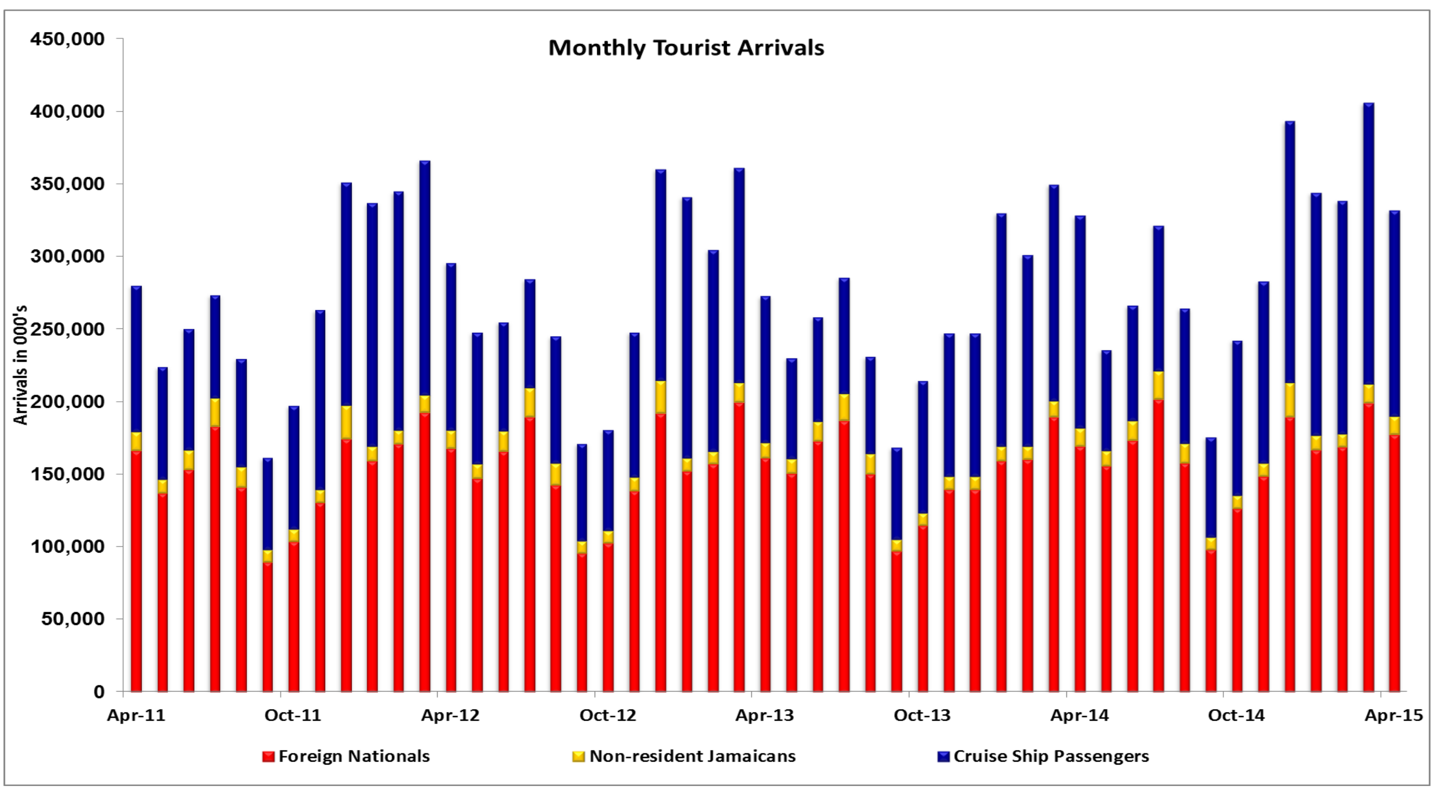
For January to April 2015, stopover arrivals increased to **756,463**, reflecting growth of **4.9%** or **35,459** relative to the corresponding period of 2014. This amount for the period was **21,278** greater than the previous record in 2012.

Data from the Jamaica Tourist Board indicates that approximately **58.8%** of all stopover arrivals originate from the USA market region. The remaining **42.6%** of the arrivals originated from Canada, UK and other regions including the Latin America, the Caribbean and Asia.

For the period January to April 2015, approximately **89.7%** of all visitor arrivals was leisure for the purpose of vacation while the remaining **22%** was mainly for the purposes of business and other purposes.

Cruise passenger arrivals declined by **3.1%** to **142,139** for April 2015 when compared to 2014. For January to April 2014, cruise ship arrivals increased by **11.2%** to **654,407** for the current period.

Despite the lower level of cruise ship tourist arrivals. The PSOJ is forecasting a relatively healthy 2015/16 tourist season for Jamaica. This forecast is due in part to the relatively strong growth in the major determinants of tourist arrivals to Jamaica. These include the overall growth in the US economy and improvement in rates of employment. The US economy is expected to grow by **2.8%** in 2015, while real consumer spending is expected to grow by **3.3%** over the **2.8%** recorded in 2014, These determinants should have a very positive impact on the arrivals from the US. With the Stronger US economy, disposable incomes of Americans should increase, hence expenditure per visitor should also increase.



Remittance Inflows Update

May 2015 Issue

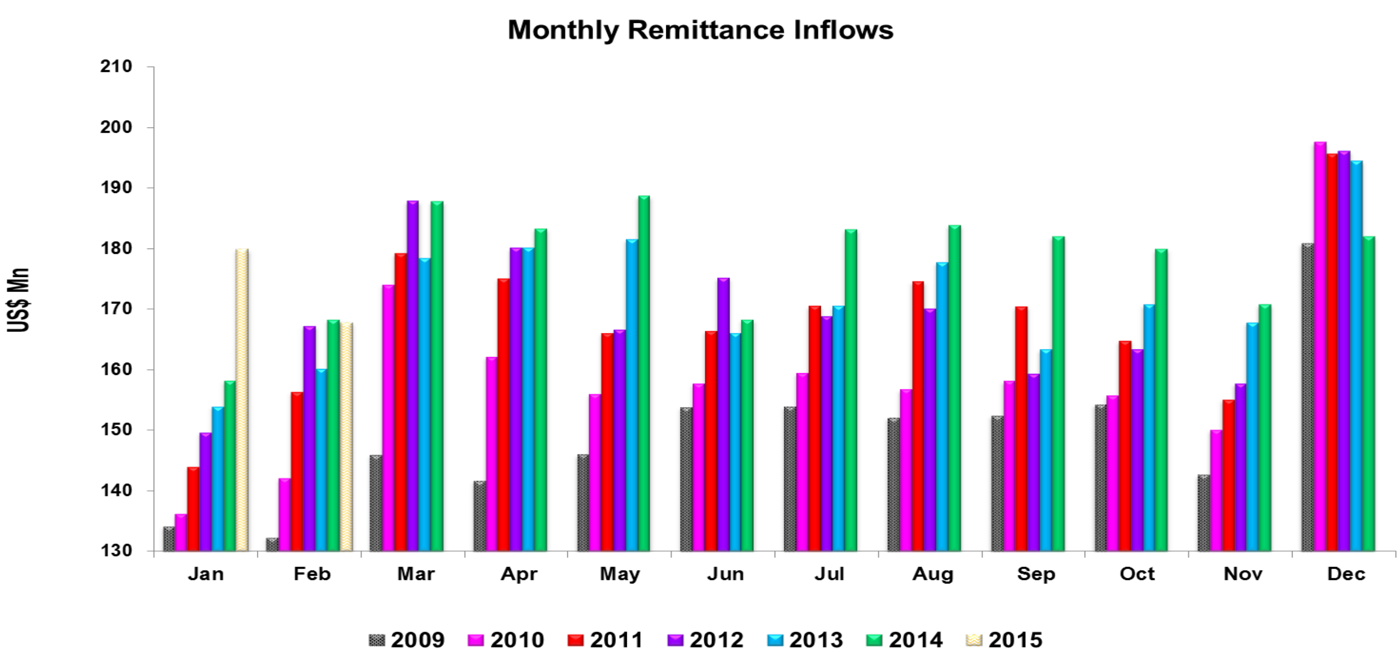
The PSOJ is projecting robust growth in remittance flows to Jamaica for the 2015 calendar year, this position is supported by the projected robust growth in real GDP, employment and real consumer spending in the United States. Major indicators and trends suggest that remittance flows could grow as much as **6 %** over 2014.

For February 2015, gross remittance inflows were **US$167.8 million**, reflecting a decrease of **US$0.5 million (0.3%)** relative to February of 2014. The outturn for monthly remittance inflows for February 2015 was above the average inflows of **US$158.8** for the previous five corresponding periods. The marginal decline in total remittance inflows largely reflected reduction of **US$2..2 million** in flows through remittance companies and **US$1.7 million** in inflows via other remittances. Data from the BOJ shows that gross remittance inflows for 2014 reached a record **US$2,159.7**, an increase of **US$94.7 (4.2%)** over the flows for 2013**.**

Similarly, for February 2015, net remittance inflows were **US$146.7** million, a reduction of **US$5.1** million or **(3.4%)** relative to the February of 2014. Data from the BOJ shows that net remittance amounted to **US$1,926.5 million** for the calendar year 2014. This reflected an increase of **US$102.1 million (5.6%)** relative to remittance inflows for of 2013.

For the FY-to-December 2014, net remittance inflows rose by **US$72. million (5.2%)** to **US$1, 465.9 million** relative to the corresponding period of FY2012/2013. The growth in net remittances reflected an increase in gross remittance inflows which was supported by a contraction in outflows.

According to the BOJ Monthly remittance report, remittance inflows to Jamaica show some congruence with trends in key sectors in which Jamaican workers are employed. The report stated that the trend in the growth of earnings in the Leisure and Hospitality sector typically moves in line with the pattern of growth in gross remittance inflows from US to Jamaica prior to 2013. However, for the third quarter of 2014, the downward trend in average weekly earnings in the Leisure and Hospitality sector shows a reversal of the strong co-movements with gross remittance inflows from US observed in previous quarters. This was attributable to an increase in employment of the Jamaican diaspora in other sectors of the US economy.



The Private Sector Organization of Jamaica, Carlton Alexander Building, 39 Hope Road Kingston 10 Jamaica Tel (927-6238) Fax (927 5137)

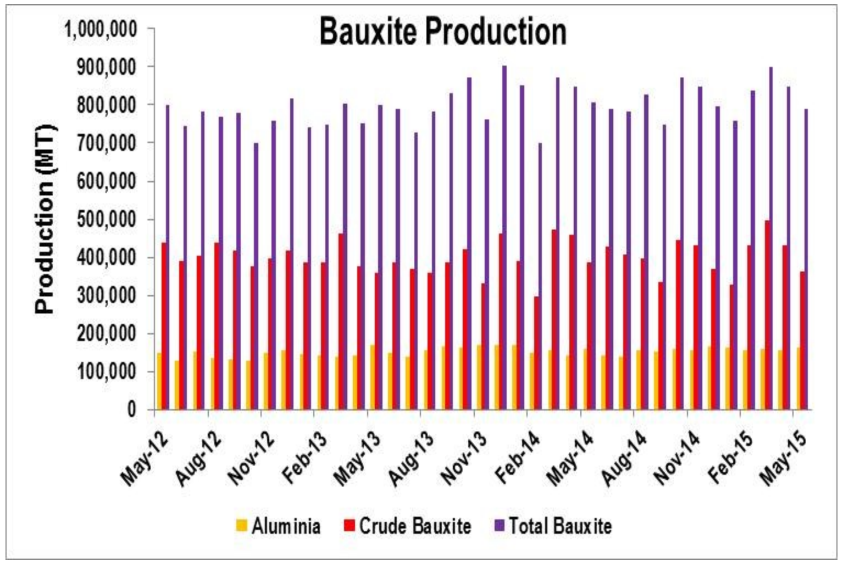
Domestic Bauxite and Alumina Production

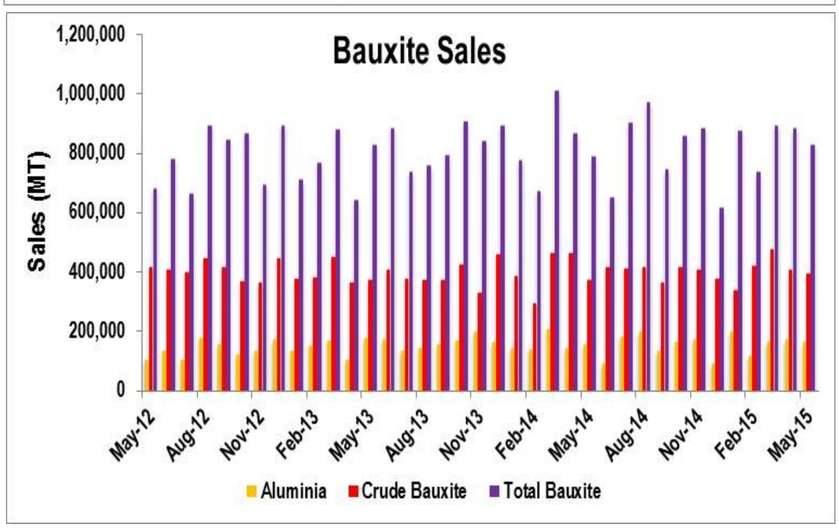
Market Analysts at Reuters projects that the market for aluminum is expected to move from an oversupply of **235,500 tons** in 2014 to a deficit of **4,444 tons** in 2015**.** If this materializes, there should be greater demand for local alumina given the fall in crude oil prices this state of the market, subject to existing contracts, should be good news for Jamaica. IMF price projections show an increase in price by **6%** in first quarter relative to 2014 and a downgrade to **1%** by the end of 2015.

For May 2015, the production of alumina was **163,981 tonnes**, representing an increase of **3,602 (2.3%) tonnes**, relative to May 2014. This brought YTD production level to **797,363 tonnes (2.4%)** increase over the corresponding period last year. The sale of alumina increased by **7,645 tonnes (4.4%)** relative to May of 2014. On the other hand, YTD alumina sales increased by **15,360 tonnes (3.3%)** in comparison to May 2014.

The production of crude bauxite fell in May 2015 relative to May 2014 by **26,228 tonnes (6.7%).** On the other hand, the YTD production of crude bauxite increase **40,816** tonnes **(2%).** The sale of crude fell by **12%** in April relative to May 2014**.** Year-to-date crude bauxite exports increased by **61,629 tonnes (3%)** over the corresponding period of 2014.

The production of total bauxite fell in May 2015 relative to May 2014 by **21,891 tonnes (2%).** Similarly, YTD total bauxite production increased by **38,000 (1%)**. Annually, sales of total bauxite has increased by **41,606 (5.3%).** YTD sales of total bauxite increased by **79,000 tonnes (2%),**





PERIOD	PRODUCTION			SALES		
	ALUMINA	CRUDE BAUXITE	BAUXITE	ALUMINA	CRUDE BAUXITE	BAUXITE
MONTH						
2015	163,981	361,916	790,330	166,184	397,596	830,232
2014	160,379	388,144	805,345	158,539	375,705	788,626
% Chg 2015/14	2.25	-6.76	-1.86	4.82	5.83	5.28
2013	171,273	359,356	801,294	177,701	373,152	829,935
% Chg 2014/13	-6.36	8.01	0.51	-10.78	0.68	-4.98
Y-T-D						
2015	797,363	2,047,850	4,132,063	829,290	2,047,321	4,212,997
2014	778,401	2,007,034	4,094,065	802,467	1,985,692	4,133,987
% Chg 2015/14	2.44	2.03	0.93	3.34	3.10	1.91
2013	741,528	1,973,258	3,867,231	748,177	1,949,050	3,860,421
% Chg 2014/13	4.97	1.71	5.87	7.26	1.88	7.09

Stock Market Update

May 2015 Issue

On the last trading day in May 2015, the main JSE index advanced by **451** points **(0.5%)** to **98,766.37** points. The JSE combined index also increase by 439.21 (0.5%) points . JSE US Equities remained unchanged and close at 147.8 points the JSE Cross Listed Index remained unchanged and closed at 499 points.

The overall market activity for the last trading day of may 2015 resulted from the trading of thirty one **(35)** stocks, of which **19** advanced, **10** declined and **6** traded firm. Resulting from these trades, a total of **16,862,184** units of stock were traded at a total value of **$104,776,307**. Consequently, at end-May 2015, market capitalization was **$393.4** billion relative to the capitalization value of **$362.02** billion at end-April 2015. This reflects a monthly increase of **$31.4** billion (**8.7%).**

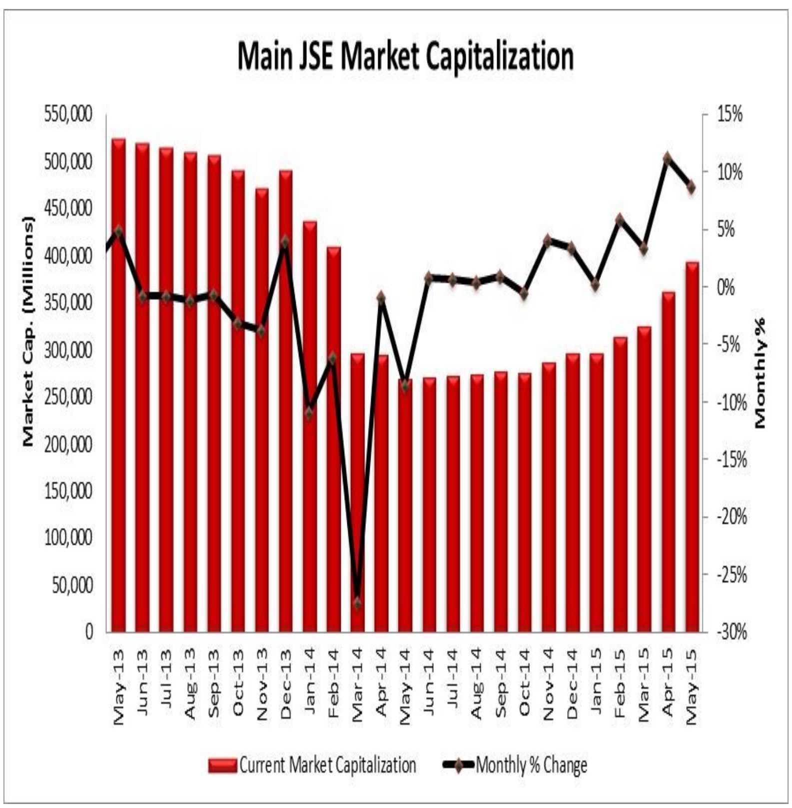
The volume leaders on the last trading day of April 2015 were Sagicor Group Jamaica Limited **5,359,993,** Caribbean Cream Limited with **5,300,365** and Caribbean Producers Limited with 2,723,803. The companies with the highest growth in stock price for the month of May 2015 were Hardware and Lumber **(126.5%),** Berger Paints Jamaica Limited **(76.5%),** Ciboney Group **(42.9%),** The Jamaica Stock Exchange **(37.9%)** and Radio Jamaica **(30.5%). T**he top four companies with the biggest prices loss for the month were Palace Amusement (25.6%), Trinidad Cement **(14.8%),** LIME **(5.8%),** and Seprod Limited **(5.4%).**

On an annual basis, the top four advancing stocks were the Jamaica Stock Exchange **(108%)**, Radio Jamaica Limited **(102.3%),** Kingston Properties Limited (**100%)** and Supreme Ventures Limited **(90%).** Meanwhile, Palace Amusement (**36.8%)** and Trinidad Cement (1**4.8%)** incurred the most significant price losses for the period under review**.**

Following four relatively good months of trading with market capitalization growth of **5.9% , 3.3% and 11.2%** respectively, one can conclude that investors are more positive about the economy than they were a year ago. The decline in market capitalization in May could be due to the news of the meager 0.4% growth in real output for the first quarter 0f 2015. Economic growth will continue to improve through out the rest of the year so the stock prices should continue to see improvements.

These positive developments the JSE continue to signal the slow but progressive recovery of economic conditions. This gradual recovery in the stock markets is expected to strengthen throughout the remainder of 2015 in which greater economic grow

these is expected these improvements also suggest a return of confidence to the markets generally in line with the expectation that economy is moving in the right direction albeit slowly.



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Growth of 0.4% in real GDP for the first quarter of 2015 is evidence of the fact that macroeconomic conditions continues to strengthen in April 2015. The growth for the first quarter follows the two previous quarters of negative growth. Analysts cautiously expect this positive growth trajectory to continue throughout much of 2015. The observed health in economic conditions was manifested in key variables including a relatively robust NIR , a relatively stable exchange rate, low consumer prices, increased levels of remittances, growth in tourism and mining and quarrying.

*The PSOJ expects these positive signs should augur well for growth in real GDP for 2015 in the range of **1.2%** to **2.2%.** This projection is conditional on good weather, low and stable commodity prices and positive domestic environment.*

*In early April 2015, the Central Bank has lowered the signal interest rates from **5.75%** to **5.5% (25bps).** This reduction come as the economy recorded its lowest rate of inflation of **4.0%** in forty eight years in the fiscal year to March 2015. In April the Bank announced an increase its inflation forecast of **5.5% to 7.5%.** This new announcement seems to be sending mixed signals as to the stance of monetary policy as it relates to both inflation and interest.*

*The forecast from the IMF depicts a reduction in global prices, with the exception of fuel to the end of 2015. Oil is expected to increase by approximately **18%** in the calendar year, the local currency is expected to show the normal cyclic movements. In this vein, barring abnormal wage hikes and bad weather, inflation of 3% on the lower end is a possibility. The PSOJ is therefore maintaining is forecast for inflation to be in the range of **3%** to **6%**. This means that the continued stabilization or reduction of interest rates for 2015 is expected.*

In addition to these fundamentals, The country continues to perform relatively well under the current IMF Extended fund Facility, even after falling short on the targets for the primary balance in the eight review. Major economic indicators continue to move on the right trajectory which is reflected in business and consumer confidence which continues to move in the right direction. This continued improvement in business and economic conditions is further manifested in the positive movement in the Stock markets which had market capitalization growth of **11.2%** in April 2015. On the last trading day in April 2015, the main JSE index advanced by **9,459** points **(10.14%)** to close at **93,264.43** points.

Fuel energy showed prices increases in April, the likelihood of this forming a trend through much of 2015 is a real possibility, what is also possible is for oil prices to either stabilize around **US$60** to **US$65** or move below the **US$55** to the end of the year, as those producers who went out on the lower **US$45** per barrel comes back into the market and creates a new glut. A rise or spike in oil prices would impact the growth prospect for Jamaica.

There were price increases in **53%** of the global commodities monitored in April 2015. The Brent and the WTI increased by **6.4%** and **13.4%,** respectively. Natural gas also fell **7.9%**. The IMF's Fuel Energy Index increased by **4.5%**, the Food and Beverage Index fell by **0.7%.**

In line with the price movements in global commodities, the domestic inflation measured by the All Jamaica "All Divisions" Consumer Price Index (CPI) increased by **0.2%** for April 2015 which was **0.3%** lower than the **0.5%** increase recorded in March 2015. The rate for March was preceded by **0.5%** and **0.7%** deflation for January and February 2015, respectively.

The movement in inflation over the fiscal year contributed to decline in yields on all tenors of GOJ Treasury Bills for the April 2015 auction. In this context, the yields on the 30-day T-Bill remained unchanged while the 90-day and 180-day tenors of GOJ Treasury Bills declined by **12 bps and 21 bps,** respectively. For

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the fiscal year, yields on the 30-day, 90-day and 182-day tenors fell by **46 bps, 162 bps** and **211 bps,** respectively.

The Jamaica Dollar depreciated by **$0.61 (0.5%)** vis-à-vis the US Dollar for April 2015 relative to March 2015. At end-April 2015, the Dollar traded at **J$115.65=US$1.00.** Similarly, the Dollar depreciated by **J$5.48 (6%)** and **J$8.13 (4.8%)** against the Canadian dollar and Great British pound, respectively. At end-April 2015, the Jamaica Dollar traded at **J$178.10=GBP£1.00** and **J$96.10=CAD1.00**, respectively.

At March 31, 2015, the stock of Net International Reserves (NIR) at the Bank of Jamaica was **J$244.01 billion** (**US$2,293.68 million)** reflecting an increase of **J$39.63 billion** (**US$372.50 million**) relative to the previous month. The stock of NIR for the month reflected an increase of **US$990.06 million** for fiscal year 2014/15.

Tourist stopover arrivals rose to **212,134** in March 2015, reflecting an increase of **5.7%** relative to the March2014. The uptick in the monthly arrivals largely resulted from an increase of **9631** in stopover by foreign nationals. Cruise passenger arrivals increased by **5.7%** to **194,031** for March 2015 when compared to 2014.

Market Analysts at Reuters projects that the market for aluminum is expected to move from an oversupply of **235,500 tons** in 2014 to a deficit of **4,444 tons** in 2015**.** If this materializes, there should be greater demand for local alumina given the fall in crude oil prices this state of the market, subject to existing contracts, should be good news for Jamaica. IMF price projections show an increase in price by **6%** in first quarter relative to 2014 and a downgrade to 1**%** by the end of 2015.

For April 2015, the production of alumina was **165,543 tonnes**, representing an increase of **14,192 (10%) tonnes**, relative to April 2014. This brought the YTD production level to **633,382 tonnes (2.5%)** increase over the corresponding period last year. The sale of alumina increased by **30,547 tonnes (21%)** relative to April of 2014. On the other hand, YTD alumina sales increased by **15,360 tonnes (2.5%)** in comparison to April 2014.

	Monthly Inflation	Saving Rate	Lending Rate	Exchange Rate	NIR	Gross Remittance Inflows	Tourist Arrivals	Oil Price-Brent	Oil Price-WTI
Month	**%**	**%**	**%**	**J$/US$**	**US$B**	**US$M**	**Total (000s)**	**US$ Per barrel**	**US$ Per barrel**
Jan-12	0.40	2.45	18.13	86.78	1.8826	149.70	337,100	119.70	102.26
Feb-12	0.80	2.25	17.13	86.91	1.8747	167.24	345,007	124.93	106.15
Mar-12	0.50	2.19	19.03	87.25	1.7771	187.87	366,518	120.59	103.28
Apr-12	0.40	2.19	19.04	87.33	1.7718	180.11	295,858	120.59	103.28
May-12	0.50	2.24	18.76	87.75	1.7188	166.65	247,937	110.52	94.51
Jun-12	0.60	2.14	18.65	88.48	1.5404	175.16	255,121	95.59	82.36
Jul-12	-0.30	2.02	18.92	89.24	1.4838	168.89	284,514	103.14	87.89
Aug-12	0.50	2.00	18.84	89.73	1.4286	170.13	245,204	113.34	94.11
Sep-12	1.90	2.02	18.70	89.90	1.2578	159.37	171,229	113.38	94.61
Oct-12	0.90	2.14	18.53	90.64	1.1328	163.37	180,835	111.97	89.52
Nov-12	0.60	2.05	18.42	91.46	1.0782	157.79	248,141	109.71	86.69
Dec-12	1.00	2.10	18.44	92.65	1.1257	196.18	360,493	109.64	88.19
Jan-13	0.70	1.98	18.23	93.45	1.0091	153.98	341,365	112.93	94.65
Feb-13	0.60	1.82	18.09	95.66	0.9395	160.11	304,889	116.46	95.30
Mar-13	1.40	1.80	17.97	97.76	0.8843	178.42	361,131	109.24	93.12
Apr-13	0.40	1.67	17.92	99.55	0.8662	180.15	272,891	102.88	92.02
May-13	0.50	1.74	17.77	99.12	0.9889	181.54	230,392	103.03	94.72
Jun-13	0.20	1.61	17.66	100.82	1.0032	166.03	258,535	103.11	95.79
Jul-13	0.50	1.71	17.58	101.76	0.9297	170.54	285,601	107.72	104.55
Aug-13	0.40	1.81	17.53	101.94	0.8817	177.77	231,205	110.96	106.55
Sep-13	2.80	1.97	17.45	102.64	0.9102	163.37	168,650	111.62	106.31
Oct-13	0.80	1.97	17.48	104.65	0.8904	170.75	214,430	109.48	100.50
Nov-13	0.50	2.03	17.44	105.60	0.8357	167.79	247,512	108.08	93.81
Dec-13	0.60	2.04	17.49	106.15	1.0478	194.50	247,512	110.63	97.90
Jan-14	0.50	1.77	17.33	106.90	0.9178	158.20	330,201	107.57	95.00
Feb-14	0.10	1.85	16.45	107.93	1.0694	168.30	301,276	108.81	100.70
Mar-14	1.10	1.98	17.57	109.21	1.3036	187.80	349,890	107.41	100.57
Apr-14	-0.30	2.26	17.66	110.16	1.2851	183.30	328,304	107.88	102.18
May-14	1.00	2.12	17.35	111.26	1.1650	188.70	235,856	109.68	102.00
Jun-14	0.10	2.29	17.50	112.20	1.3761	168.30	266,550	111.87	105.24
Jul-14	1.4	2.41	17.38	112.85	2.1800	183.2	321,765	106.98	102.99
Aug-14	1.1	2.21	17.42	112.74	2.1200	183.9	264,592	101.92	96.38
Sep-14	2.10	2.05	16.91	112.67	2.2000	182	175,758	97.34	93.35
Oct-14	0.10	1.93	16.62	112.76	2.0000	179.7	242,543	87.27	84.40
Nov-14	-0.5	3.01	na	113.59	2.0000	170.8	283,246	78.44	75.70
Dec-14	-0.3	2.64	17.24	114.66	2.0000	182.0	393371	62.16	59.10
Jan-15	-0.5	2.84	17.01	115.81	1.7800	179.9	344,212	48.42	47.60
Feb-15	-0.7	2.8	16.74	115.64	2.3020	167.8	338,451	56.93	50.72
Mar-15	0.5	1.69	17.1	115.04	2.4401	na	406,165	55.79	47.78
Apr-15	0.2	na	na	115.65	2.3920	na	384,000	59.5	54.2
May-15	0.5	na	na	116.12	2.401	na	na	64.56	59.26

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KEY

ACP— Africa Caribbean Pacific States	Loan – Average Loan Rate
BM – Base Money	M – Monthly Percentage Change
BP — Basis Points	M2 – Money Supply
CaPRI— Caribbean Policy and Research Institute	MT – Million tonnes
CARICOM— Caribbean Community & Common Market	N/A – Not Available
CARIFORUM— CARICOM and Dominican Republic	NIR – Net International Reserves
CPI – Consumer Price Index	OMO – Open Market Operation
CSME— Caribbean Single Market & Economy	P – Point-to-Point Percentage Change
EC— European Commission	R – Revised
EPA—Economic Partnership Agreement	S – Stopover
EU—European Union	Save – Average Savings Deposit Rate
FX Dep – Foreign Exchange Deposit	T-bill – 6-month Treasury Bill Yield
JCB – Jamaica Conference Board	Tourism – Total Tourist Arrivals
JCC – Jamaica Chamber of Commerce	WATBY- weighted average Treasury bill yield
KMA — Kingston and Metropolitan Area	WTO—World Trade Organization
KSA—Kingston and St. Andrew	OECD—Organisation for Economic Co-operating and Development (membership of 30 major countries)
WTI — West Texas Intermediate (Spot Oil Price)	

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