



MONTHLY ECONOMIC BULLETIN

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The CEO'S Remarks

The recent flooding shows us how fragile our growth targets are. In the first quarter of the year, I put a call in to PIOJ, and was advised that the growth targets (projected originally at 3 percent for 2017) was already in trouble because of drought conditions earlier in the year.

This has been made worse by the flooding, which has caused a conservative loss of around \$2.5 Billion (direct and indirect) and more importantly will affect agricultural output, which remains a significant contributor to the growth numbers.

Already the last growth numbers were revised down from 1.8 percent, preliminary estimate, to 1.2 percent. It is therefore very likely that growth will be in the region of 1 to 1.5 percent, rather than the original estimate of closer to 3 percent.

What this emphasizes though is that Jamaica needs to develop greater resilience to shocks, such as natural disaster. For example, this was the objective of the work done by ESET, where the energy sources have been diversified and by 2018 we should be looking at reducing our dependency on fossil fuels (oil) from 95 percent to between 60 and 70 percent.

Similarly the same must be done for the Jamaican economy, and agriculture in particular. As an example, for a few years Jamaica has been talking about the implementation of a national irrigation system, which the final date of implementation has now been pushed back to around 2018/19, if there

are no more procurement delays. This is important as Jamaica cannot in 2017 depend on rainfall to guarantee agricultural output.

The recent floods therefore show us that if we are going to get to the growth targets that we set then we will have to actively manage the growth process and do everything to develop resilience in the critical areas. And importantly we must find a way to address the inefficiency of the bureaucracy, as many times this is a major contributor to delayed growth projects.

With that said, there is a lot more happening than was happening four years ago. There is evidence of activity, as we see cranes in the sky and more activity from businesses.

Too many times, however, because of bureaucracy, crime, and certain structural challenges in the economic landscape, we miss out of greater opportunities for growth. It is by capitalizing on these lost opportunities that will cause us to get to the targeted 5 percent by 2020.

There are some things happening, which I am aware of such as (i) increased training by HEART, and more specifically an apprenticeship programme; and increased investments in BPO and Tourism.

There is therefore opportunities out there to take advantage of, and these are expected to continue.

The Government's role in all of this must be to protect the gains and increase the opportunities for the private sector.

Economic Highlights April 2017

- At the end of April 2017, the monthly average value of the Jamaican Dollar depreciated against the US dollar, the Canadian dollar and the Great Britain Pound. The Dollar depreciated against the US\$ by \$0.47 or 0.3660% to end at J\$128.87=US\$1.00. The value of the dollar depreciated by J\$1.03 or 1.0731% against the Canadian Dollar to end at CAD\$1.00=J\$97.01. The value of the Great Britain Pound depreciated by J\$2.77 or 1.743% to end at GBP1.00=J\$161.69.
- Inflation, measured by the All Jamaica “All Divisions” Consumer Price Index (CPI) increased by 0.3% for the period April 2017 over March 2017. The increase in the rate for April 2017 over March 2017 brought inflation for the calendar year-to-date to 1.3% and inflation for the fiscal year to March 2017 was 4.8%.
- Data for the month ending April 2017 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was J\$363.430 billion (US\$2,848.87 million).
- The monetary base increased by J\$4.507 billion to J\$143.968 billion for April 2017 relative to March .
- On the last trading day in April 2017, for the period April 03, 2017, to April 28, 2017 the main JSE index advanced by 7,585.47 points or 3.39% to close at 231,419.04 points. The JSE Combined Index advanced by 9,733.02 points or 4.08% to close at 248,092.78 points. The JSE Junior advanced by 259.28 points or 8.65% to close at 3,256.31 points.
- Stopover tourist arrivals for February 2017 were 186,670. This month’s total was 797 or 0.4288% higher than the 185,873 in January 2017.
- There were price reductions observed in 61.90% (13) of the commodities monitored for April 2017. Both the price of Brent and the WTI increased for the period April relative to March. The Brent increased by 2.10% and the WTI increased by 3.21%. Natural gas price increased by 7.32% for the period April over March. The IMF’s Fuel Energy index increased by 2.647%, while the Food and Beverage Index decreased by 1.741%. The all commodity price index decreased by 0.0512%.

Economic Highlights April 2017

Revision of the PIOJ Findings on the Impact of the Tax Reform.

In April, this year the government implemented the second phase of increasing the income tax threshold to \$1.5 million dollars. Since the current government's announcement in last year's budget reading, to implement the promised threshold increase, there has been mixed opinions on the expected results. The increase was expected to ease the burden on income tax payers and all things been equal increase purchasing power. The Planning Institute of Jamaica has released a document examining the impact of the decision

In April the PIOJ released a document "Measuring the Impact of GOJ Tax Reform on Consumption Expenditure by Decile".

The aim of the document was to assess the impact the government's decision to reduce direct taxation by reducing the threshold. To assess the complete impact, the PIOJ stated, that the impact of the government's tax revenue measures for FY2016/7 and FY2017/18 and its accompanying social assistance program on the purchasing power of the typical households ranging from poorest to wealthiest was also considered. The PIOJ concluded, from the analysis, that most of the benefits from the decision to increase the income tax threshold will be gained by formally employed individuals whose income was previously above the former threshold (\$592,800). However, the analysis indicated that the

informally employed will be most negatively impacted.

Although the majority of the benefits will be gained by persons formally employed and earning above \$592,800, the tax reform has also spread the tax burden mainly among the wealthier persons. This has resulted in the formally employed and earning above \$592,800 becoming a net beneficiary and the informally employed paying a larger share of what they are expected.

The finding of the analysis is consistent with what the PSOJ had indicated would be the result, in that, the organization expected that the persons originally under the \$592,800 threshold would be worse off. The PSOJ had also argued that there should be a move from direct to indirect tax, but that it should be more to fix the compliance issues rather than just to raise revenues, as the extent of the indirect taxes has somewhat removed the benefit for the poorer group.

The 2012 Tax Private Sector Working Group report, led by past president Joseph Matalon, recommendations is proved in the conclusions here. The recommendations of the PSWG at the time was as follows:

- 1) Reduce PAYE and CIT rate – both effectively done, and CIT through the ETC
- 2) Broaden the GCT base, while at the same time reducing the rate of GCT to 12.5%

International Commodity Prices

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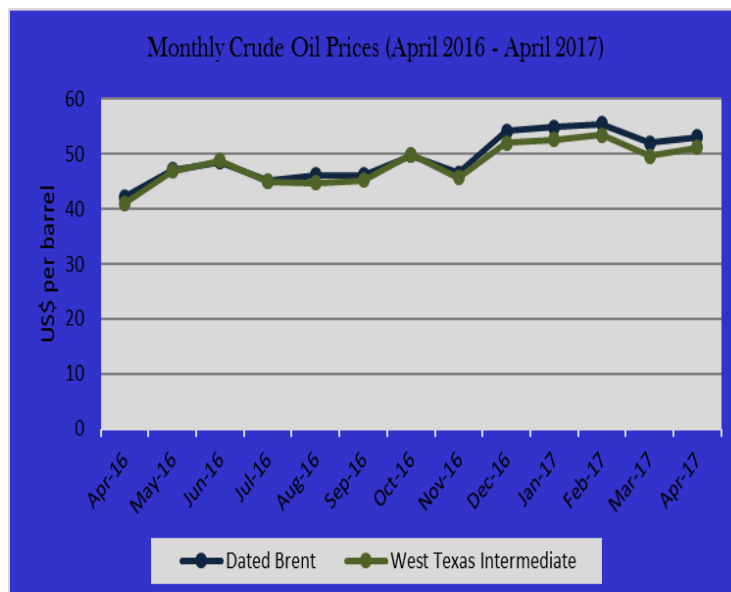
Crude Oil Prices

For the month ending April 2017, the average price of both the Dated Brent and the West Texas Intermediate (WTI) increased. The Brent ended the month of April at **US\$53.06 per bbl**. This represented a **US\$1.09** or **2.10%** increase from the **US\$55.49 per bbl** recorded for the previous month. The West Texas Intermediate (WTI) ended the month at **US\$51.17**. This represented a **US\$1.59** or **3.21%** increase relative to last month. A one-year comparison of prices revealed that this year's price for the Brent is **25.58%** or **US\$10.81 per bbl** higher. When compared to last year's price, this year's WTI price is

24.93% or **US\$10.21** higher.

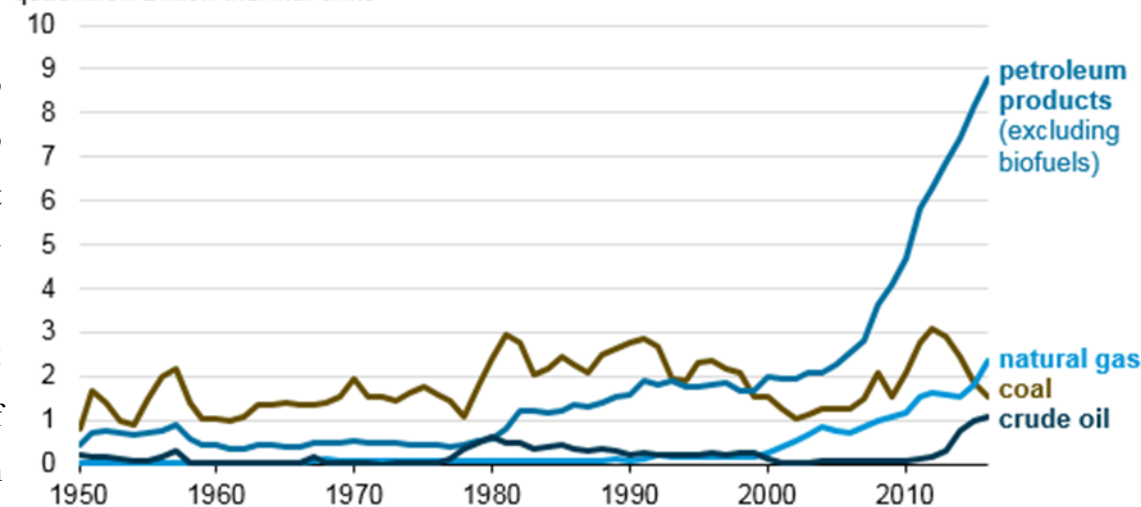
When compared to the price level two years ago, the Brent is **10.66%** below and the WTI is **5.59%** below. The 5-year average of prices ranging from April 2012 to March

2017 for the Dated Brent and the West Texas Intermediate are **US\$80.02 per bbl** and **US\$72.88 per bbl** respectively. This month's price was **34%** below the 5-year average of prices for the Brent and **29.79%** for the WTI.



In April 2017, the US Energy Information Administration (EIA) reported that U.S. crude oil production averaged an estimated 8.9 million b/d in

U.S. gross energy exports of selected fuels (1950-2016)
quadrillion British thermal units



2016. U.S. crude oil production is forecast to average 9.3 million b/d in 2017 and almost 10.0 million b/d in 2018. EIA estimates that crude oil production for April 2017 averaged 9.1 million b/d, which is 0.2 million b/d above the April 2016 level and 0.6 million b/d above the recent monthly average low reached in September

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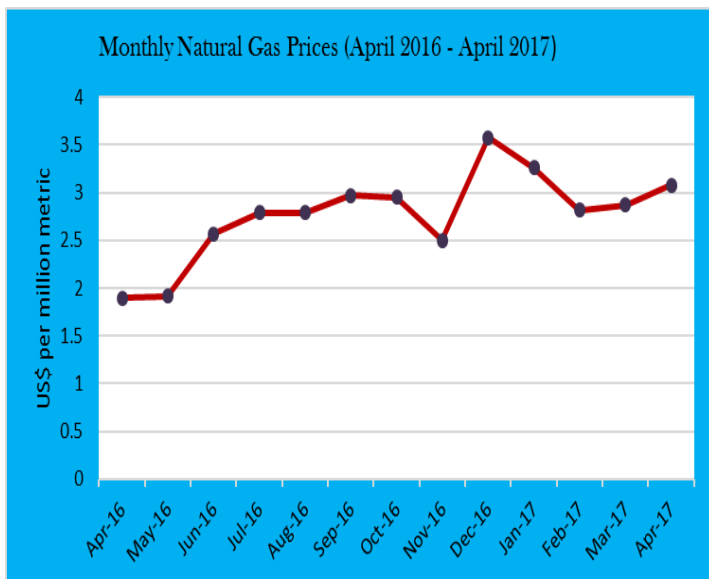
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International Commodity Prices

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The five-year average monthly price for natural gas ranging from April 2012 to May 2017 is **US\$3.22** per million metric, hence, this year's March price was **US\$0.3357** or **4.27%** below.

In April 2017, the US Energy Information Administration (EIA) forecasted that the U.S. dry natural gas production is expected to average 74.1 billion cubic feet per day (Bcf/d) in 2017, a 1.8 Bcf/d increase from the 2016 level. This increase reverses a 2016 production decline, which was the first annual

2016. implied global petroleum and liquid fuels inventories are estimated to have increased by 0.4 million barrels per day (b/d) in 2016. EIA forecasts inventory builds to average 0.2 million b/d in 2017 and then increase to an average of 0.5 million b/d in 2018.

U.S. natural gas consumption



Natural Gas

Source: Short-Term Energy Outlook, April 2017

For the month ending April 2017, natural gas price increased. The price for natural gas ended at **US\$3.08** per million metric which represented an increase of **US\$0.21** or **7.32%**. In April 2016, natural gas per million metric was valued at **US\$1.9** signifying that this year's price is **US\$1.18** or **62.10%** higher. A two-year comparison revealed that natural gas prices have increased by **US\$0.5** or **19.37%** per million metric.

decline since 2005. Natural gas production in 2018 is forecast to be 3.2 Bcf/d more than the 2017 level.

Soybean Prices

For the month ending April 2017, soybean price per metric tonne was **US\$347.86**. This denoted a



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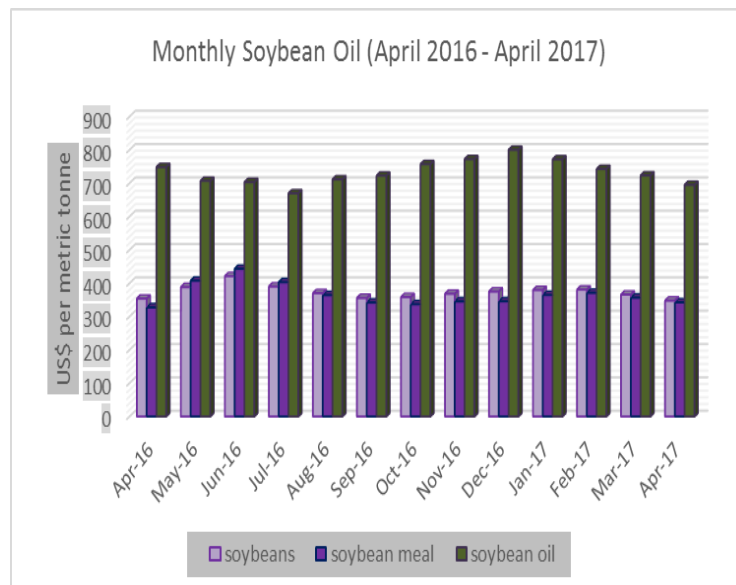
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International Commodity Prices

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US\$18.24 or **4.98%** decrease from March's value of **US\$366.1** per metric tonne. In March, this year, the average price of soybean meal decreased and the average price of the soybean oil also decreased. Soybean meal prices ended the month at **US\$342.63** per metric tonne. This represented a decrease of **US\$14.26** or **4.00%**. At the end of April, the price per metric tonne for soybean oil stood at **US\$695.3** representing a **US\$28.1** or **3.88%** decrease compared to the previous month. A one-year comparison revealed that prices for soybean decreased by **1.679%** or **US\$5.94**. This month soybean price was **US\$9.07** or **2.541%** lower than its price two years ago. When compared to the corresponding period last year the soybean meal price was **US\$14.93** or **4.55%** above. Soybean oil price was below last year's price by **US\$53.23** or **7.111%**. A two-year comparison of prices for soybean meal revealed that this year's price is below the two year price by **US\$7.08** or **2.024%**. When the April 2017 soybean oil price was compared to corresponding period in 2015 this year's price is **US\$3.63** or **0.5248%** above. The five-year average monthly price for soybean ranging from April 2012 to March 2017 is **US\$440.02** per metric tonne, which means that April's price was **US\$92.16** or **20.94%** lower. The five-year average monthly price for soybean meal ranging from April 2012 to March 2017 is **US\$423.68** per metric tonne, which means that April's price was **US\$81.05** or **19.13%** lower. The



five-year average monthly price for soybean oil ranging from April 2012 to March 2017 is **US\$852.77** per metric tonne, which means that April's price was **US\$157.47** or **18.47%** lower.

Sugar Prices

At the end of April 2017, the average price of the Free Market Sugar ended the month at **US\$0.164** cents per pound. This represented a decrease of **US\$0.0166** or **9.19%** when compared to the previous month. For the US Sugar imports, the average price decreased from **US\$0.2983** in March to **US\$0.2872** in April this year. This represented a decrease of **US\$0.0111** or **3.72%** cents per pound. At the end of April 2017, the European Sugar imports ended the month at **US\$0.2101** cents per pound. This represented a **US\$0.005** or **2.44%** increase compared to the previous month. For the period April



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International Commodity Prices

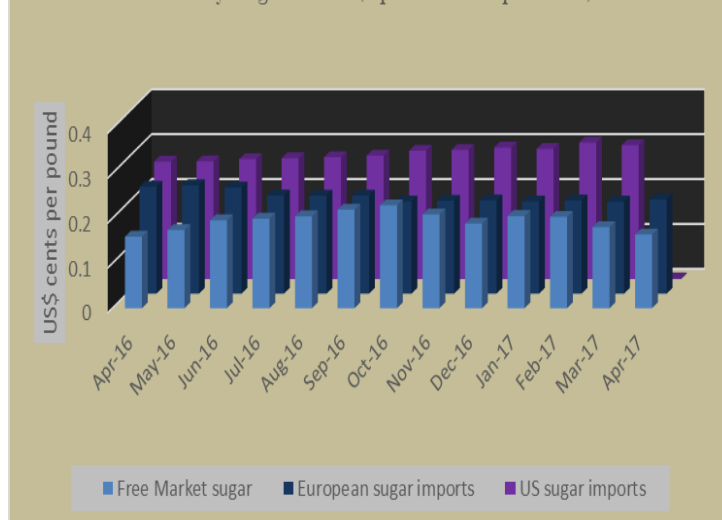
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2017 relative to April 2016, the price of Free Market sugar increased by **US\$0.0047** or **2.95%** cents per pound. A one-year comparison revealed that the price of the US Sugar imports has increased by **US\$0.0257** or **9.828%**, while the European sugar imports price has decreased by **US\$0.0279** or **11.72%** for the same period. In April 2015, the price for the Free Market sugar was **US\$0.1291** cents per pound, which means that this year's April price is **US\$0.0349** or **27.03%** higher. The price of the US sugar imports is **US\$0.0433** or **17.75%** higher than the 2015 price while the price of the European Sugar imports is **US\$0.0384** or **15.45%** lower than the 2015 price. The 5-year average of prices ranging from April 2012 to March 2017 for the US imports and the European imports are **US\$0.2514** cents per pound and **US\$0.2527** cents per pound respectively. Hence, the price of US imports is above its long-term average by **14.26%** while the European imports is below its average by **16.86%**.

Coffee Prices

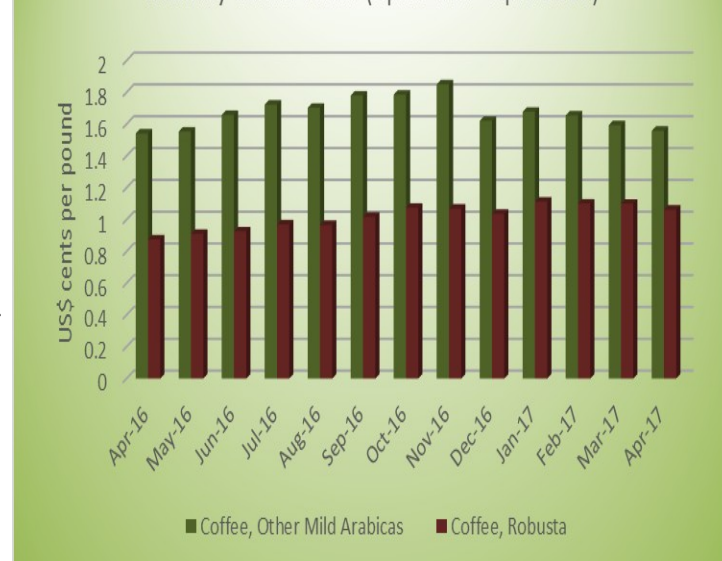
For the month ending April 2017 both the average prices of the Coffee of the Other Mild Arabicas and Robusta coffee decreased. The price per pound for coffee of the Other Mild Arabicas category was **US\$1.559** cents per pound representing a decrease of **US\$0.0349** or **2.19%**. A one-year comparison revealed that this month's price was **US\$0.017** or **1.102%** higher than last year's April price. Robusta Coffee ended the month at **US\$1.0625** cents per

Monthly Sugar Prices (April 2016 - April 2017)



pound. This month's price is below the previous month's price by **US\$0.0377** or **3.43%**. A one-year comparison revealed that the price of coffee in the Robusta category has increased by **US\$0.1865** or **21.29%**. A two-year comparison revealed that prices have fallen by **5.486%** for coffee of the 'Other Mild Arabica's category while prices rose by **7.617%** for coffee in the Robusta category. The five-year average monthly prices ranging from April 2012 to March

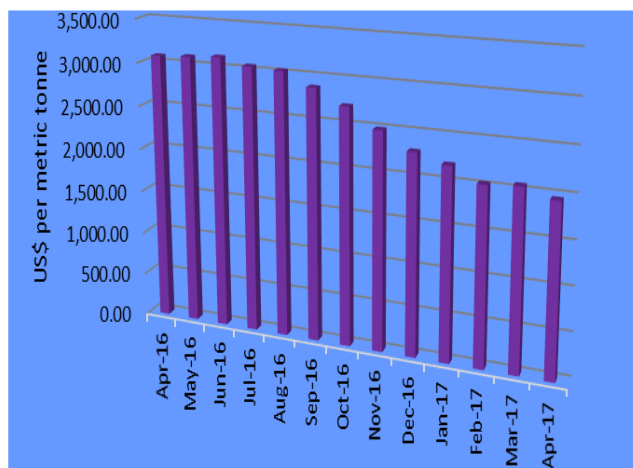
Monthly Coffee Prices (April 2016 - April 2017)



International Commodity Prices

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Monthly Cocoa Beans Prices (April 2016 - April 2017)



2017 for Arabica and Robusta are **US\$1.683** and **US\$1.01** respectively. This implies that this year's April price for the Arabica was **7.412%** lower than the average price while the Robusta coffee was **5.199%** higher than its average price.

Cocoa Bean Prices

For the month ending April 2017, cocoa bean prices decreased relative to the previous month. Prices decreased by **US\$101.93** per metric tonne or **4.94%** to close at **US\$1,961.16** per metric tonne. A one-year comparison revealed that this year's price is lower by **US\$1,117.33** or **36.29%**. A two-year price comparison showed that the April 2017 price for cocoa beans is lower by **US\$907.11** or **31.62%** than its price in April 2015. The five-year average of monthly prices ranging from April 2012 to March 2017 for cocoa bean is **US\$2,769.04** per metric tonne, this means that this year's April price

was **US\$807.88** or **29.17%** lower.

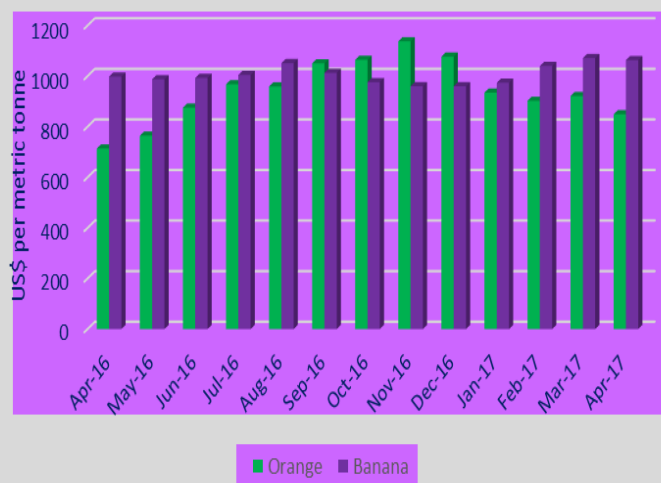
Orange Prices

For the month ending April 2017, orange prices decreased. Prices decreased by **7.80%** or **US\$71.89** per metric tonne to end at **US\$849.37** per metric tonne relative to the previous month. When compared to the same period in 2016, this year's price was **US\$135.57** or **18.99%** higher. A two-year comparison revealed that prices have risen by **US\$237.24** or **39%**. The five-year average monthly price ranging from April 2012 to March 2017 is **US\$843.84**, indicating that this month's price was **US\$5.53** or **0.655%** higher.

Banana Prices

Banana prices for the month ending April 2017 decreased relative to March. In this regard prices decreased by **1.09%** or **US\$11.71** to end at **US\$1,063.54** per metric tonne. For April 2017, relative

Monthly Orange and Banana Prices (April 2016 - April 2017)



International Commodity Prices

April 2017 Issue

to April 2016, banana prices increased by **US\$65.45** or **6.557%** per metric tonne. A two-year comparison revealed that this year's price is above the April 2015 price of **US\$1,059.14** per metric tonne by **US\$4.4** or **0.415%**. The five-year average monthly prices ranging from April 2012 to March 2017 is **US\$959.89**, this means that this year's price was **US\$103.65** or **10.78%** above.

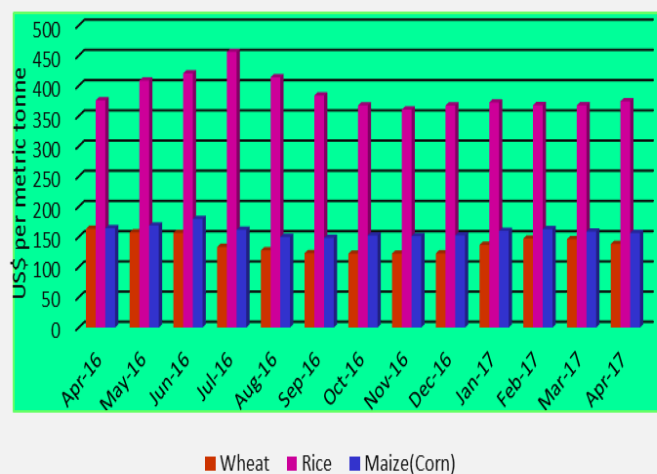
Corn Prices

For the month ending April 2017, corn prices decreased. Prices decreased by **US\$2.53** or **1.59%** relative to March, to close the month at **US\$156.44** per metric tonne. Between April 2017 and April 2016 prices decreased by **US\$7.97** or **4.848%**. A two-year price comparison showed that this year's price was **US\$15.61** or **9.073%** lower. The five-year monthly average for corn prices ranging from April 2012 to March 2017 is **US\$209.99** per metric tonne, this means that this month's price was **US\$53.55** or **25.50%** lower.

Wheat

For the month ending April 2017 wheat prices decreased. Prices decreased by **US\$7.98** or **5.45%** relative to April 2016 to end at **US\$138.41** per metric tonne. Relative to April 2016, prices have fallen by **US\$24.95** or **15.27%** per metric tonne. A two-year comparison of wheat prices showed that this year's April price was **US\$57.49** or **29.35%**

Monthly Cereal Price (April 2015 - April 2016)



below the April 2015's price. The average five-year monthly prices ranging from April 2012 to March 2017 is **US\$217.65** per metric tonne, meaning that this year's April price was **US\$79.24** or **36.41%** below.

Rice

For the month ending April 2017 the price of the 5 percent broken milled white rice ended at **US\$374.5** per metric tonne. This value was **US\$6.72** or **1.83%** above the **US\$367.78** in March. This month's price is below the April 2016 price by **US\$1.55** or **0.4122%**. A two-year comparison revealed that the commodity's price was **US\$17.91** or **4.564%** lower than its price in 2015. The five-year monthly price average for rice prices ranging from April 2012 to March 2017 is **US\$449.49** per metric tonne, indicating that April's price was **US\$74.99** or **16.68%** below the long term average.

Beef Prices

International Commodity Prices

April 2017 Issue

In April 2017, beef prices increased. Prices increased by **US\$0.0271** or **1.43%** when compared to the previous month, to close at **US\$1.9288** cents per pound. When compared to April 2016, prices have risen by **US\$0.1598** or **9.033%** cents per pound. In April 2015 prices were **US\$2.1443** cents per pound hence this year's price was **US\$0.2155** or **10.05%** below the 2015 price. The five-year average for prices ranging from April 2012 to May 2017 is **US\$1.9439** cents per pound indicating that this month's price was **US\$0.0151** or **0.7792%** below.

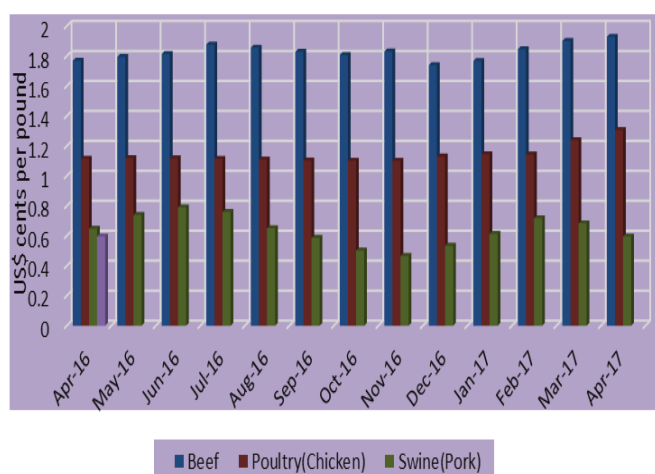
Swine (Pork) Prices

For the month ending April 2017 the price of pork decreased relative to the previous month. The price of pork was **US\$0.5961** cents per pound. This represented a **US\$0.0878** or **12.84%** decrease from March's price of **US\$0.6839**. When compared with April 2016, prices decreased by **US\$0.052** or **8.023%**. Prices are below the price level 2-years ago by **US\$0.0137** or **2.246%**. It is below the 5-year average of **US\$0.7960** for prices ranging from April 2012 to March 2017 by **US\$0.1999** or **25.11%**.

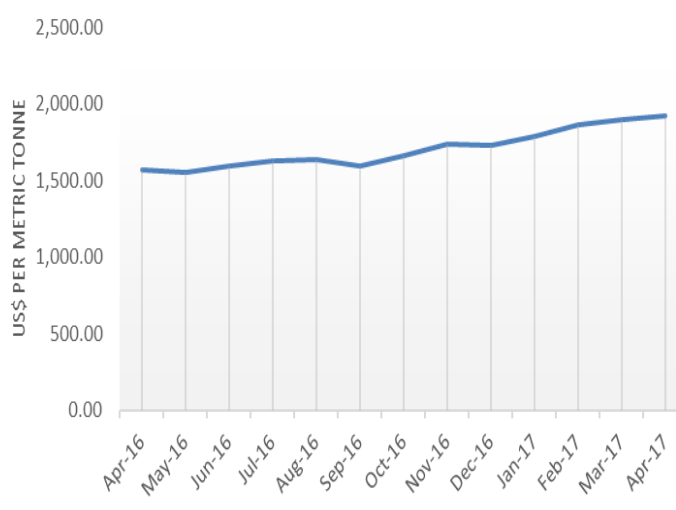
Poultry Prices

For the month ending April 2017 chicken prices increase relative to March 2017. At the end of the month chicken was valued at **US\$1.307** cents per

Monthly Meat Prices (April 2016 - April 2017)



Monthly Aluminum Prices (April 2016 - April 2017)



pound, representing an increase of **US\$0.0675** or **5.45%** from March. The price in April 2017 was approximately **US\$0.1915** or **17.17%** higher than the April 2016 price. In April 2015, the price for poultry was **US\$1.1488** cents per pound, indicating that this year's price was **US\$0.1582** or **13.77%** higher. The average monthly price ranging from April 2012 to March 2017 is **US\$1.073** cents per pound, this means that this year's price was **US\$0.2250** or **20.80%** more.

Aluminum Prices

The price of aluminum increased in April 2017 relative to the previous month. Prices increased by **US\$19.75** or **1.04%** to end the month at **US\$1,921.22** per metric tonne. For April 2017 relative to March 2016, prices increased by **US\$349.99** or **22.27%** per metric tonne. A two-year comparison revealed that this year's price was **US\$102.03** or **5.608%** above the price for the corresponding period in 2015. The five-year average for monthly prices ranging from April 2012 to March 2017 for aluminum is **US\$1,784.65** per metric tonne, this means that this year's April price was **US\$136.57** or **7.652%** higher.

Impact of global prices on Jamaica

There were price reductions observed in **61.90% (13)** of the commodities monitored for April 2017. Both the price of Brent and the WTI increased for the period April relative to March. The Brent increased by **2.10%** and the WTI increased by **3.21%**. Natural gas price increased by **7.32%** for the period April over March. The IMF's Fuel Energy index increased by **2.647%**, while the Food and Beverage Index decreased by **1.741%**. The all commodity price index decreased by **0.0512%**.

The Food and Agriculture Organization of the United Nations (FAO) Food Price Index (FFPI) averaged 168.0 points in April 2017, down 3.1 points (1.8%) from March, but still 15.2 points (10%) higher than in April 2016. As in March, all commodity indices used in the calculation of the FFPI subsided in April, with the

| Commodity | Unit | March Price | April Price | Monthly Change % |
|--------------------------------------|--------------|-------------|-------------|------------------|
| Aluminum | Metric tonne | 1901.47 | 1921.22 | 1.04 |
| Bananas | Metric tonne | 1071.64 | 1063.54 | -1.09 |
| Beef | Pound | 1.9017 | 1.9288 | 1.43 |
| Cocoa Beans | Metric tonne | 2063.09 | 1961.16 | -4.94 |
| Coffee-Arabicas | Pound | 1.5939 | 1.559 | -2.19 |
| Coffee-Robusta | Pound | 1.1002 | 1.0625 | -3.43 |
| Com-Maize | Metric tonne | 158.97 | 156.44 | -1.59 |
| Natural gas | MMBTU | 2.87 | 3.08 | 7.32 |
| Crude Brent | Barrel | 51.97 | 53.06 | 2.1 |
| Crude West Texas Intermediate | Barrel | 49.58 | 51.17 | 3.21 |
| Oranges | Metric tonne | 921.26 | 849.37 | -7.8 |
| Pork (Swine) | Pound | 0.6839 | 0.5961 | -12.84 |
| Poultry | Pound | 1.2395 | 1.307 | 5.45 |
| Rice | Metric tonne | 367.78 | 374.5 | 1.83 |
| Soybean | Metric tonne | 366.1 | 347.86 | -4.98 |
| Soybean meal | Metric tonne | 356.89 | 342.63 | -4 |
| Soybean oil | Metric tonne | 723.4 | 695.3 | -3.88 |
| Sugar (free market) | Pound | 0.1806 | 0.164 | -9.19 |
| Sugar US (Import) | Pound | 0.2983 | 0.2101 | 2.44 |
| Sugar European (Import) | Pound | 0.2051 | 0.2872 | -3.72 |
| Wheat | Metric tonne | 146.39 | 138.41 | -5.45 |

Monthly Inflation Rate and Treasury Bill Rates

Monthly Inflation Rate

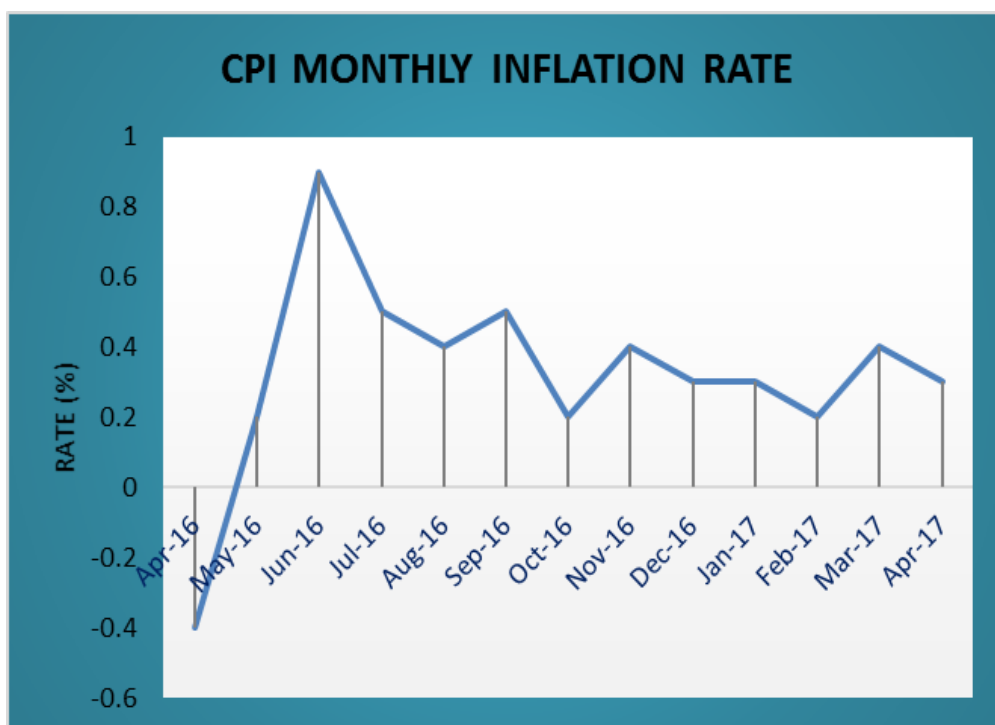
Inflation, measured by the All Jamaica “All Divisions” Consumer Price Index (CPI) increased by **0.3%** for the period April 2017 over March 2017. The increase in the rate for April 2017 over March 2017 brought inflation calendar year-to-date to **1.3%** and inflation for the fiscal year to March 2017 was **4.8%**.

According to the Statistical Institute of Jamaica, the outturn for the month was largely influenced by movements in the indices for the divisions Transport and the highest weighted division Food and Non-Alcoholic Beverages. The index for the division Transport increased by 1.5% while the index for the division Food and Non-Alcoholic Beverages increased by 0.1%. The increase in this division

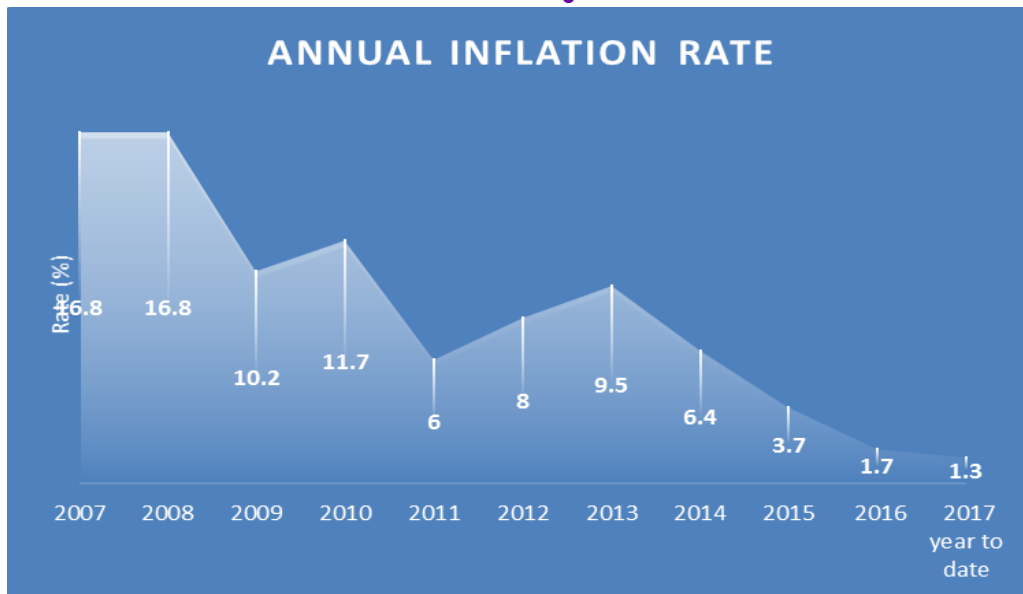
Transport was primarily due mainly to the increase in the Special Consumption Tax (SCT) levied on fuel and a 20.0 per cent increase on motor vehicle license fees. The SCT on cigarettes and pure alcohol was reflected in an increase of 0.9 per cent in the division ‘Alcoholic Beverages and Tobacco.

The impact of these increases was impacted by a decrease in the index for the division Housing, Water, Electricity, Gas and Other Fuels. This was due to lower rates for electricity, resulting in a fall of 0.5 per cent for the group Electricity, Gas and Other Fuels.

Inflation in all the three regional areas increased for the month of April 2017 relative to March 2017. Inflation in the Greater Kingston Metropolitan area



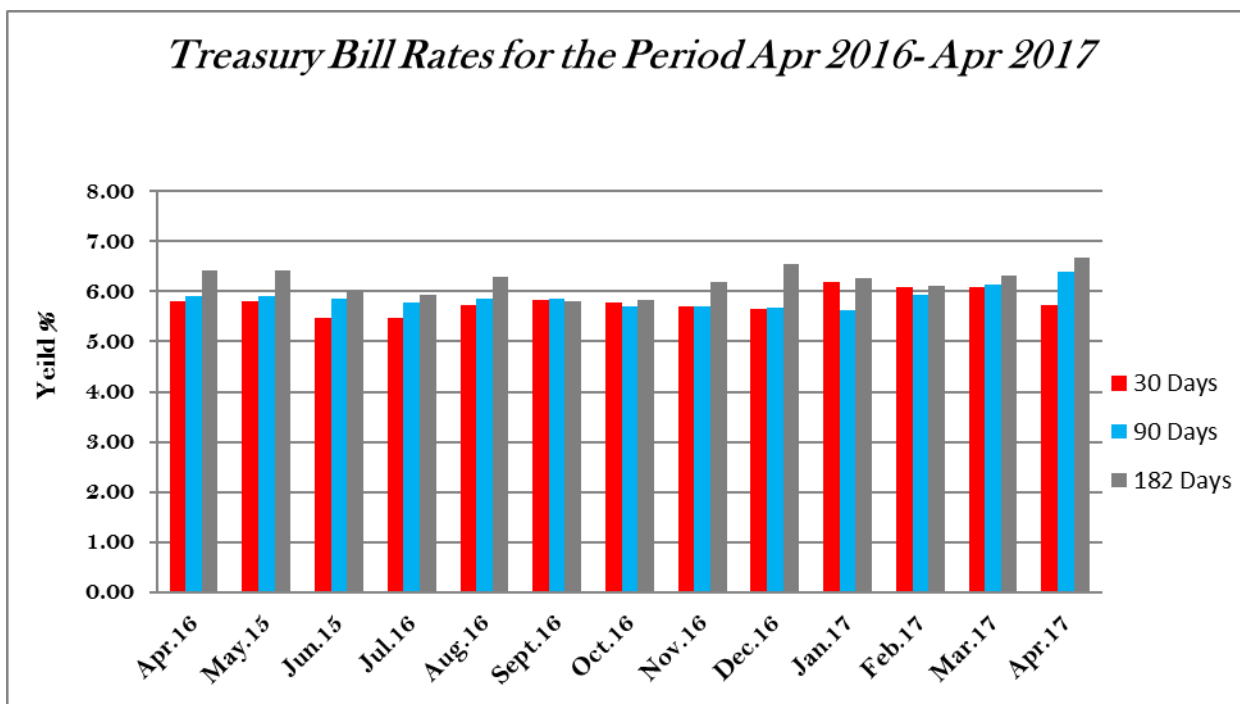
Monthly Inflation Rate and Treasury Bill Rates



Treasury Bill Rates

For the month of April 2017 relative to March 2016, yields on the Government of Jamaica 30-day decreased by **38bps** while yields on the 90-day and 182-day treasury bills increased by **26bps** and **35bps**.

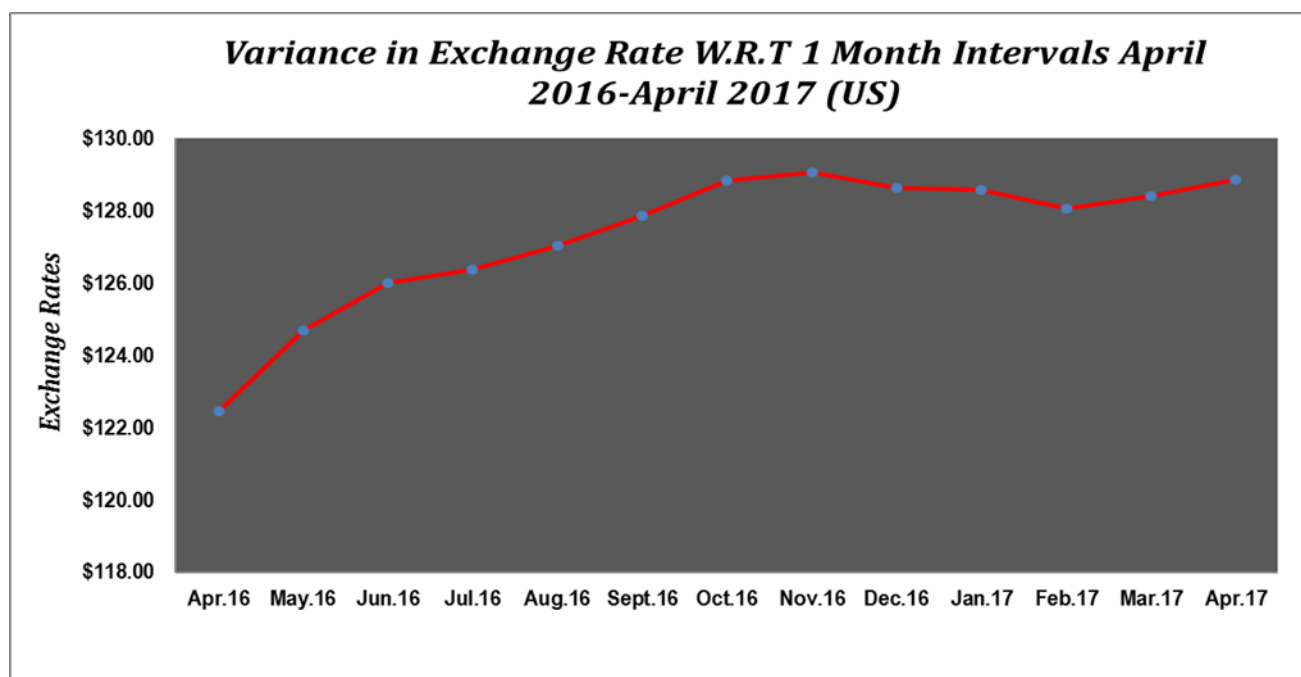
For the period April 2017 in comparison to April 2016, yields on GOJ treasury bills recorded increases of **35bps**, **74bps** and **85bps** for the 30-day, 90-day and 182-day treasury bills respectively. A two-year comparison showed decreases in the rate of **62bps**,



Monthly Exchange Rates Update

JMD:USD

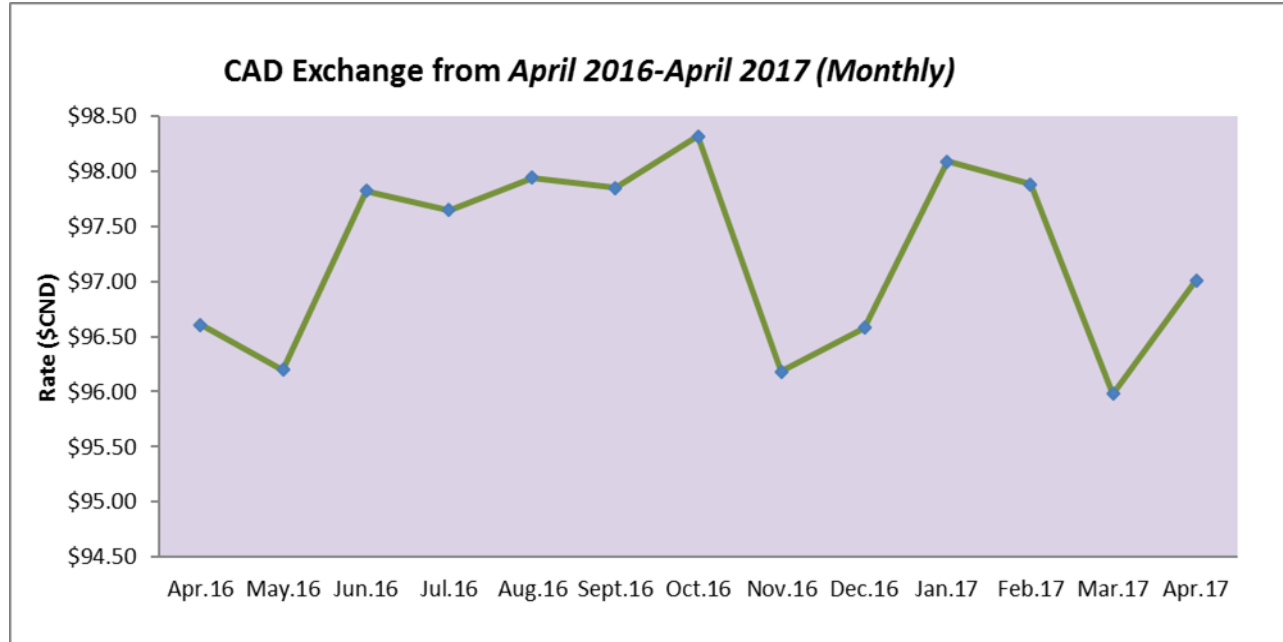
In analysis of the exchange rates over the period April 2016 to March 2017, the monthly average value of the Jamaican dollar depreciated by **\$0.47** or **0.3660%** relative to the US dollar. As a result, the exchange rate progressed to settle at **US\$1.00=J\$128.87**. A one-year comparison revealed depreciation in the currency ratio of J\$6.42, resulting in an overall increase in the value of the \$US by 5.243%. The month's exchange rate was further compared with the rate of the same month recorded previously in 2015, the comparison showed that there was an increase in the value of the \$US by J\$13.70 (percentage increase of 11.88).



JMD:CAD

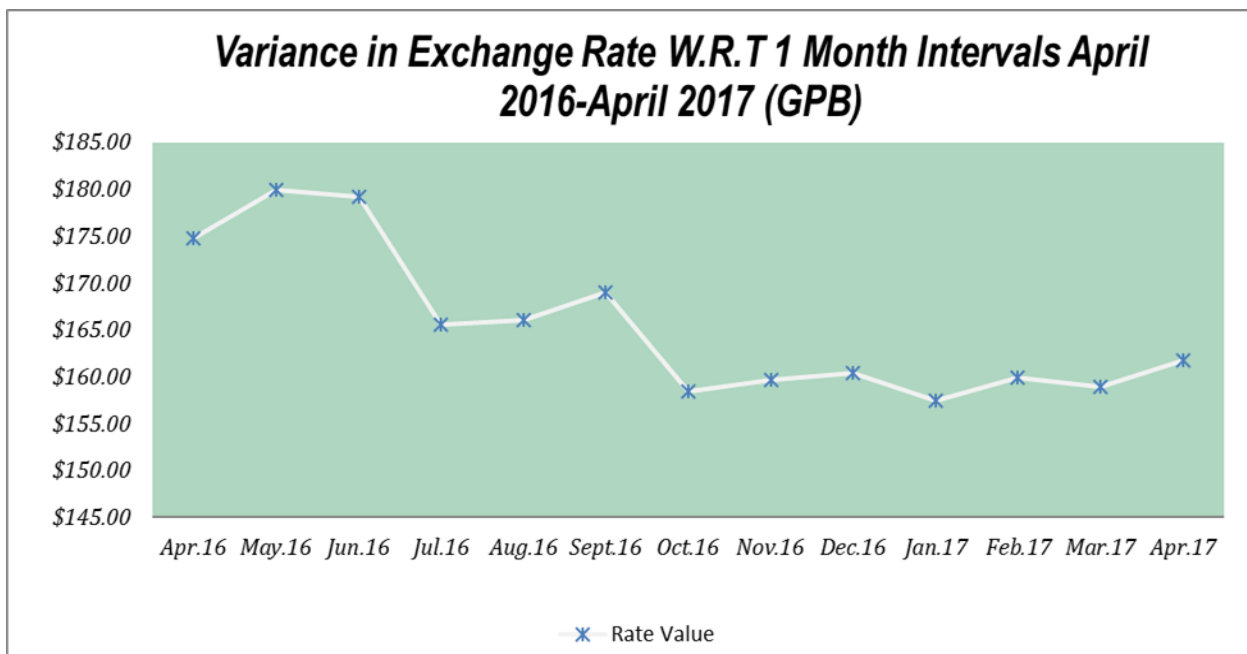
In relation to the exchange rate recorded for the month of April 2017, calculations accentuated the fact that the Jamaican dollar depreciated by **1.0731% (\$J1.03)** relative to the previous month. In this regard, the value of the Jamaican dollar to the US dollar at the end of April was **CAD\$1.00=J\$97.01**. The exchange rate of April 2017 was further set side by side with the rate 1 year earlier (April 2016) which revealed that the value of the Jamaican dollar slid by J\$0.40 or 0.4140%. Furthermore, calculations comparing the exchange rate values for April 2017 and April 2015 made clear the overall depreciation of the dollar over the 2-year period. This conclusion was made because of the difference in the value of the dollar of J\$3.54 (depreciation of 3.787%).

Monthly Exchange Rates Update



JMD:GBP

The exchange rate's monthly variance of **J\$2.77** was seen to exist within the boundaries of April 2017 and March 2017, this indicates that the Jamaican dollar depreciated by some **1.743%**. The exchange rate at end March was **GBP1.00=J\$161.69** in comparison to the previous month **GBP1.00=J\$158.92**. The annual comparison of the exchange rates for the months April 2017 and April 2016 revealed that the Jamaican dollar appreciated in such a way that there was a decrease in the price of the \$GBP equal to J\$13.08 (7.484%). Further investigation of the exchange rate extending to April 2015 showed that the cost of the



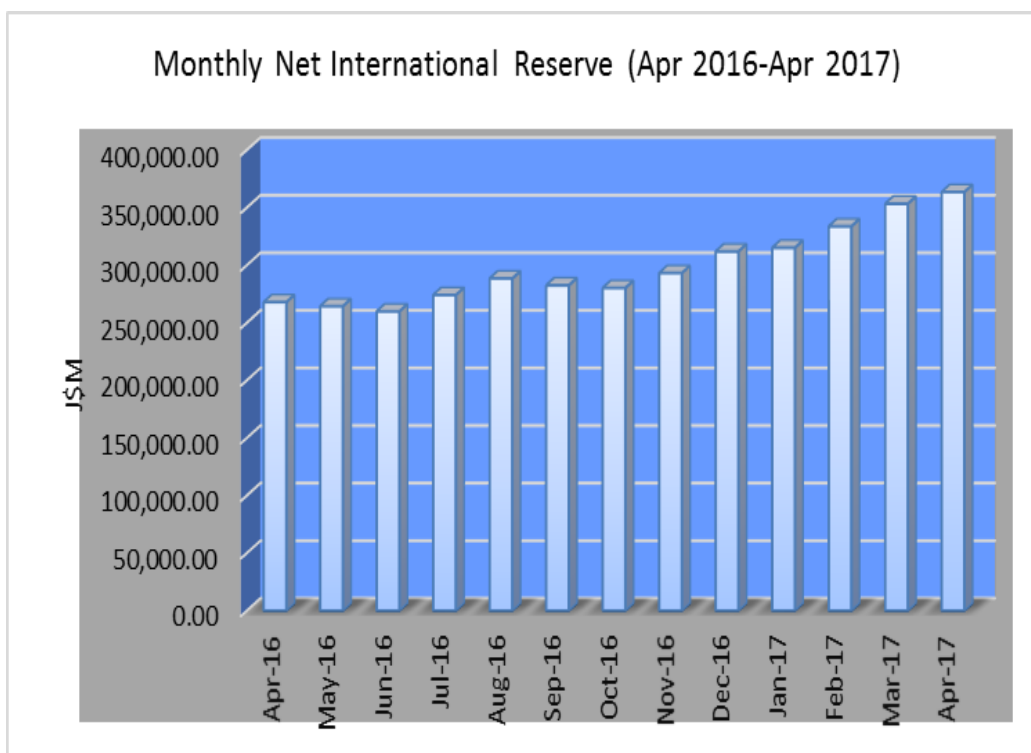
Net International Reserves & Money Base

April 2017 Issue

Net International Reserves

Data for the month ending April 2017 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was **J\$363.430** billion (US\$2,848.87 million). This reflected an increase of **J\$10,167.03** billion (US\$79.70 million) relative to April. The change in the NIR for the month was due to an increase in foreign assets and an increase in foreign liabilities. Under the category of foreign asset, all three sources increased. Securities increased by **US\$0.05** million, Currency and Deposit increased by

US\$82.62 million and SDR & IMF Reserve Position increased by **US\$2.83** million to end the month with total foreign asset **US\$3,409.38** million. This represented a total increase of **US\$85.49** million. Under foreign liabilities, IMF expenditures increased while Other expenses remained the same. Payments to IMF increased by **US\$5.79** million which was the total increase in foreign liabilities. Foreign liabilities ended the month at **US\$560.51**. At the end of April, the gross reserves were sufficient to finance **37.93** weeks of goods imports which represented **25.93** weeks over the international benchmark of **12** weeks of goods imports.

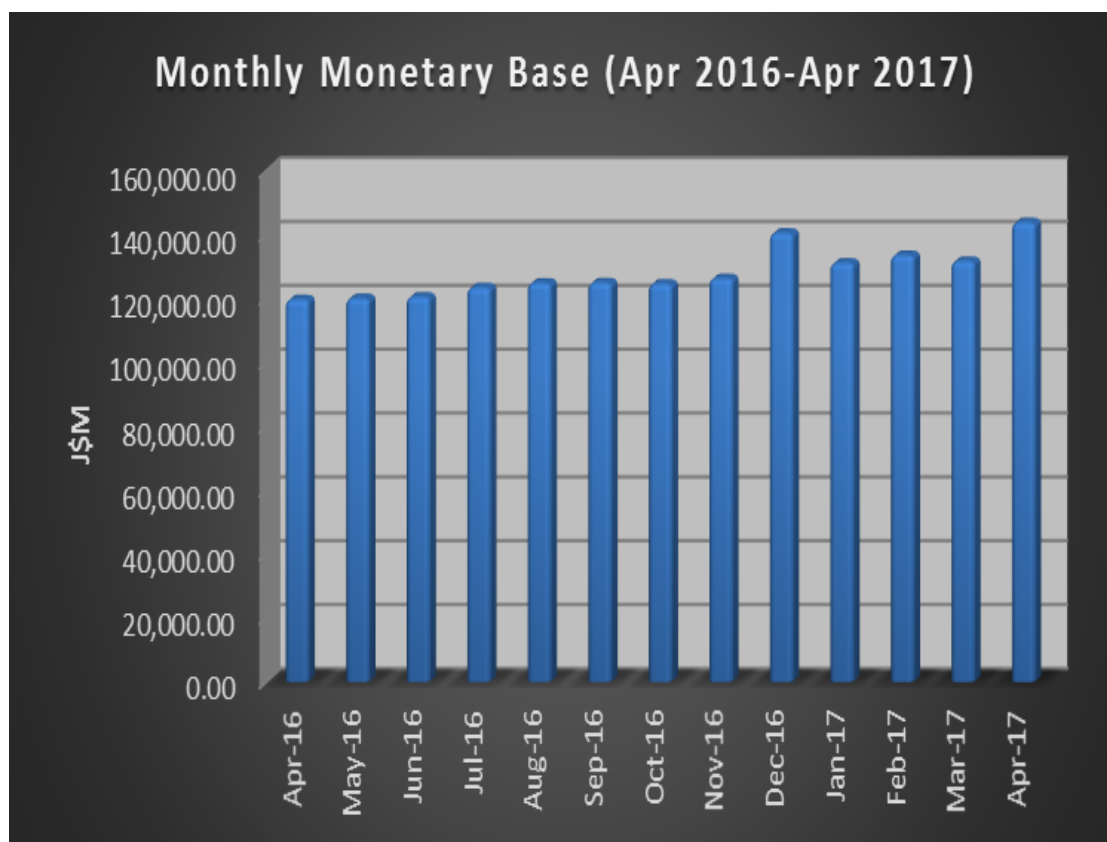


Net International Reserves & Money Base

April 2017 Issue

Monetary Base

The monetary base increased by **J\$4.507** billion to **J\$143.968** billion for April 2017 relative to March. The change in the base reflected increases in two sources, Net Currency and Commercial Banks' Statutory Reserves while the Commercial Banks' Current Account decreased. Net Currency increased by **J\$3.448** billion to end at **J\$91.519** billion and the Commercial Banks' Statutory Reserves increased by **J\$1.529.79** billion to a total of **J\$51.891** billion. The Commercial Banks' Current Account decreased by **J\$0.557** billion to a total of **J\$0.470** billion.



Tourist Arrivals

April 2017 Issue

Stopover tourist arrivals for February 2017 were **186,670**. This month's total was **797** or **0.4288%** higher than the **185,873** in January 2017. This year's February total is an increase of **0.8%** over the **185,272** recorded in January 2016.

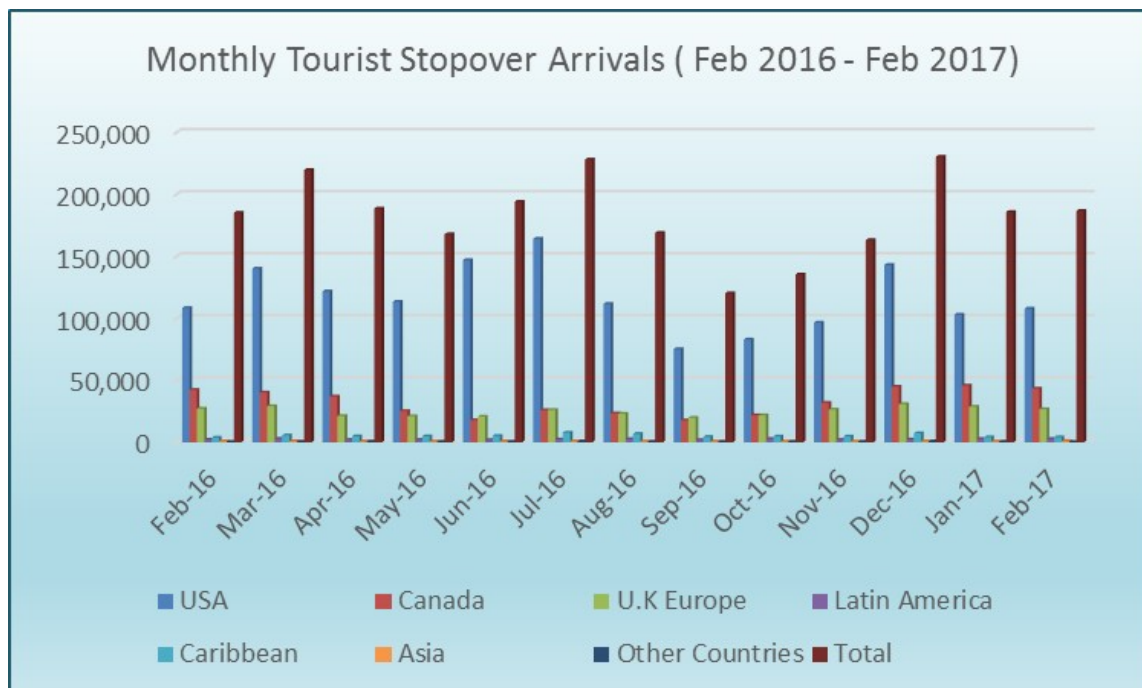
For February 2017, the changes reflected in the total stopovers observed in the seven categories of destination varied. Out of the seven categories four recorded increases in numbers while three recorded decreases when compared to February 2016. Increases in arrivals were reflected in stopovers from Latin America, Asia, the Caribbean and Canada with **28.2%**, **20.7%**, **9.4%**, and **2.6%** respectively.

The overall impact of increases was offset by decreases in arrivals from the Other Countries, Europe and the United States. Stopover arrivals decreased by **13.6%**, **1.4%** and **0.4%** for Other Countries, Europe and the United States respectively.

Of the Other Countries, once again Australia provided the most stopover arrivals to Jamaica, with 435 visitors in 2017 compared to 507 in 2016. The market share for stopover visitors for the February 2017 was as follows: USA 56.6%; Canada 24.0%; UK 9.0%; Continental Europe 5.9%, the Caribbean 2.2%; and the others, including Latin America and Asia 2.2%.

A total of **192,664** cruise passengers visited Jamaica in February 2017. This represented a **13,148** or **6.38%** overall decrease compared to the **205,812** recorded in January 2017. For the corresponding period in 2016 total cruise passengers was **197,467** hence this year's total was **2.4%** less.

The January to February 2017 period saw 398,476 cruise passenger arrivals at the three major ports, an increase of 14,268 passengers or 3.7%



Stock Market Update

April 2017 Issue

On the last trading day in April 2017, April 03, 2017, to April 28, 2017 the main JSE index advanced by **7,585.47 points** or **3.39%** to close at **231,419.04 points**. The JSE Combined Index advanced by **9,733.02 points** or **4.08%** to close at **248,092.78 points**. The JSE Junior advanced by **259.28 points** or **8.65%** to close at **3,256.31 points**.

Overall, the market activity for the month of April resulted from trading in thirty six (**36**) stocks of which **18** advanced, **17** declined and **1** traded firm. In total **177,946,076.00 units** of stock were traded during the month, which had a total value of **J\$2,363,624,576.77**. This resulted in market capitalization of **J\$816,877,246,108.68 billion** as at end April 2017.

Jamaica Radio Jamaica Limited was the volume leader for the month with **97,488,159 units** amounting to **54.79%** of market volume. Following was Sagicor Group Jamaica Ltd. Ordinary Shares which traded **19,457,795 units**

amounting to **10.93%** of the market volume. Next in line was Cable & Wireless Jamaica Ltd with a total of **8,577,297 units** amounting to **4.82%** of the market volume.

The top four advancing stocks at end April 2017 were the JMMB Group Limited (**26.53%**), Cable Wireless Jamaica Limited (**42.02%**), Berger Paints (Jamaica) Limited (**25.73%**) and 1834 Investments Limited (**16.77%**). The top four declining stocks were, Salada Foods Jamaica Limited (**19.15%**), Caribbean Cement Company Limited (**14.41%**), Ciboney Group Limited (**13.64%**) and Portland JSX Limited (**8.19%**).

For the calendar year to date, the top four advancing stocks were Berger Paints (Jamaica) Limited (**178.39%**), Pulse Investments Limited (**126.12%**), Cable Wireless Jamaica Limited (**83.33%**) and Jamaica Producers Group Limited (**80.72%**). Meanwhile, the top four declining stocks for the calendar year to date were Salada Foods Jamaica Limited (**23.53%**), Caribbean Cement Company Limited (**21.98%**), Sagicor Real

Previous Highlights: February 2017 Summary

April 2017 Issue

Article summary 'Growing Jamaica'

- The country is very open to the international environment. With increasing globalization, Jamaica like many other developing countries, is open to access international markets and benefit from international trade. While the country is open to the benefits of increasing integration we are also heavily impacted by the international shocks. In 2015 data from the Bank of Jamaica reflected that Jamaica's Goods & Services balance improved. This was as a result of a fall in imports, associated with significant declines in the prices of international commodities, resulting in a favourable outcome, with respect to oil prices. With the proper policies in place, Jamaica can use the benefits of the international environment to drive growth and development in the economy.

Exchange Rate

- At the end of March 2017, the Monthly average value of the Jamaican Dollar depreciated against the US dollar while it

appreciated against the Canadian dollar and Great Britain Pound. The Dollar depreciated against the US\$ by \$0.33 or 0.2576% to end at J\$128.40=US\$1.00. The value of the dollar appreciated by J\$1.90 or 1.941% against the Canadian Dollar to end at CAD\$1.00=J\$95.98. The value of the Great Britain Pound appreciated by J\$0.92 or 0.5756% to end at GBP1.00=J\$158.92.

Inflation Rate

- Inflation, measured by the All Jamaica "All Divisions" Consumer Price Index (CPI) increased by 0.4% for the period March 2017 over February 2017. The increase in the rate for March 2017 over February 2017 brought inflation calendar year-to-date to 1.0% and inflation for the fiscal year to March 2017 was 4.1%.

Net International Reserve and Monetary Base

- Data for the month ending March 2017 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was J\$353.263 billion (US\$2,769.17 million). This reflected an increase of J\$19,633.94 billion (US\$153.90 million) relative to February.
- The monetary base decreased by J\$1.889 billion to

Previous Highlights: February 2017 Summary

April 2017 Issue

J\$131.849 billion for March 2017 relative to February.

close at 238,359.76 points. The JSE Junior declined by 64.54 points or 2.11% to close at 2,997.03 points.

Stock Market Update

- On the last trading week in March 2017, March 27, 2017, to March 31, 2017 the main JSE index advance by 1,134.83 points or 0.51% to close at 245,670.39 points. The JSE Combined Index advanced by 371.77 points or 0.16% to

International Commodity Prices

- There were price reductions observed in 66.66% (14) of the commodities monitored for February 2017. Both the price of Brent and the WTI decreased for the period March relative to February. The Brent decreased by 6.34% and the WTI increased by 7.15%. Natural gas price increased by 1.77% for the period March over February. The IMF's Fuel Energy index decreased by 5.56 %, and the Food and

| | |
|--|--|
| 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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