



MONTHLY ECONOMIC BULLETIN

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The CEO'S Remarks

This will be my last commentary, in this bulletin, as CEO of the PSOJ. Over the period of my commentary, we have seen the economy transform from one of instability (2013) to stable macroeconomic indicators being recorded.

Today we have low inflation, appreciating Jamaican dollar, much lower interest rates, and sustained increased levels of business and consumer confidence.

No doubt, we have seen the private sector starting to make more investments, and during the time credit to the private sector has increased as a percentage of total credit.

Unemployment has also fallen to an all time low, at just over 11 percent, and there is even a warning recently that sooner or later the labour force will be in need of greater skilled labour.

These are of course all signs of “green shoots” and shows that some progress is happening.

While this is occurring, however. We are still not seeing the growth levels expected, and there seems to finally be an admission that the 5 in 4 may not happen. This is certainly something that we have advocated from the PSOJ, and one has to wonder why it has taken so long for the relevant authorities to realize this, and seems reactionary rather than proactive.

The reason for this of course is that growth implies value added, and our present economic structure and fiscal policies do not encourage value added. We may be seeing more economic activity taking place but what we are not seeing is the productivity

increases that will drive GDP growth. This was brought home to the PSOJ members in a presentation by the IMF Representative, at our last breakfast forum, where he showed that productivity has been declining since around 2004/5.

The reasons for this of course, is something that we have been speaking about for a very long time. And these can be seen as below.

Firstly, crime, and more importantly lack of law and order is a major risk to economic activity and restricts even further activity that will drive growth beyond the one percent we are accustomed to. Costing 4 to 6 percent of GDP annually, or over \$80 Bn.

Traffic congestion remains our number one problem to productivity and costs us (by rough estimates) approximately \$200 Bn per annum, which can easily be solved by a very good public transport system and penalties for congestion.

Bureaucracy and policies that restrict efficiencies in the local market, and ties up local capital, not only costs us significant economic activity and GDP growth, but also increases the attractiveness of imports over exports.

This is one of the reasons why for 2017, our merchandise trade deficit increased over 2016.

As an example, it is a very good move to reduce the foreign exchange surrender requirements, which helps with transparency that causes appreciation of the J\$. But not at the same time freeing up local efficiency and capital only makes imports cheaper.

So while we have achieved much, we cannot relax and must understand how fragile the economy remains.

2017 Highlights

The Jamaican economy macro indicators have remained relatively stable during 2017. The period of economic stability is one of the best over past decades.

At the end of 2017, the Jamaican economy recorded a calendar year inflation rate of 5.2% which was within the target range for FY2017/18 of 4.0% to 6.0%. There were no adverse movements recorded during the year. The lowest rate was recorded in May at 0.1%. The highest rate was recorded in the months June and September at 0.7%.

A total appreciation of approximately 2.356% was recorded in the movement of the Bank of Jamaica's monthly average exchange rate between the US Dollar and the Jamaican Dollar over the period of 2017. In this regard, the rate moved from \$128.58 in January 2017 to \$125.55 in December 2017. At the start of 2017, the monthly average exchange rate between the Canadian and Jamaican Dollars was \$98.09 however by year end the value was at \$98.22 representing a marginal depreciation of 0.1325%. Depreciation of 6.54% was calculated over the period on 2017 between the Jamaican dollar and the Great Britain Pound. The monthly average exchange rate moved from \$157.45 at the start of the year to \$167.76 at year end.

Total Value Added at Basic Prices for the Third Quarter in 2017 was 1.4% up from the 1.0% in the second quarter of 2017, which was two times the percentage recorded in the third quarter of 2016 at 0.7%.

According to the International Merchandise Trade (IMT) Bulletin released by the Statistical Institute of Jamaica, Jamaica's merchandise trade deficit totaled US\$3,636.9 million at the end of the January to October 2017 period. The deficit is 24.1 percent or

US\$706.4 million higher than the US\$2,930.4 million recorded in the similar 2016 period.

Total population as at July 2017 as recorded by the Statistical Institute of Jamaica was 2,737,400 and the labour force as at the same period was 1,371,200. Unemployment Rate as at July 2017 was 11.3%.

Throughout the year 2017 business and consumer confidence indices remained strong. For the years 2016 - 2017 the optimism of both businesses and consumers remained relatively high since the start of the study in 2001. The survey reported that business confidence for the final quarter of 2017 stood at 142.6, just marginally below 144.6 in the first quarter of 2016, the highest recorded. The consumer confidence index was 148.0 in the last quarter of 2017, slightly below the 151.1 in the third quarter of 2017. Overall, in the past two years, business confidence index averaged 140.2 and consumer confidence index average 149.225.

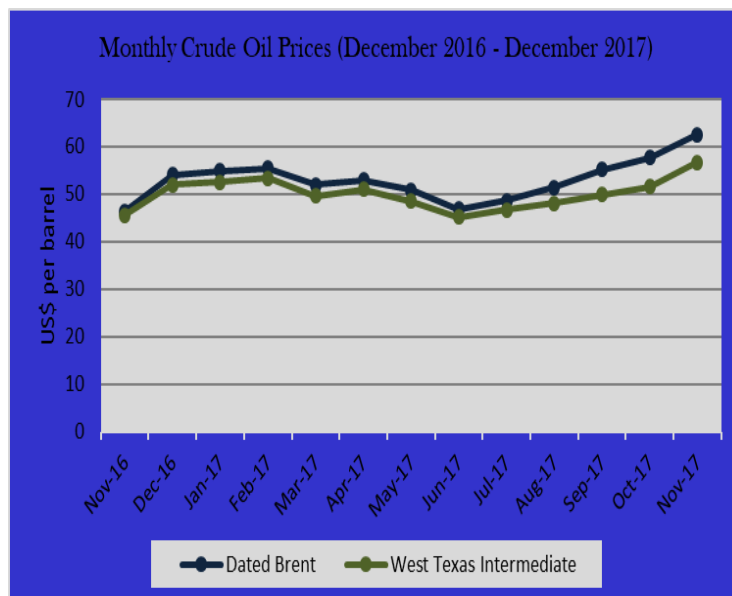
The World Bank has acknowledged that the institutional reforms and efforts to improve the investment climate starting to bear fruit in the country. However, it was also noted by the Bank that "Despite the progress, faster economic growth is needed to eliminate poverty and boost shared prosperity. Crime and violence levels remain high. Youth unemployment is a persistent problem". Jamaica is not immune from the negative or positive shocks which occur at any time. The country should not only seek to build and improve trade relations but also develop our industries to meet the needs of domestic and international consumers. The country, in all sectors, needs to maximize the use of our local resources. The government should invest in developing, and modernizing, our labour force and also the agricultural industry, which are the main drivers behind growth.

International Commodity Prices

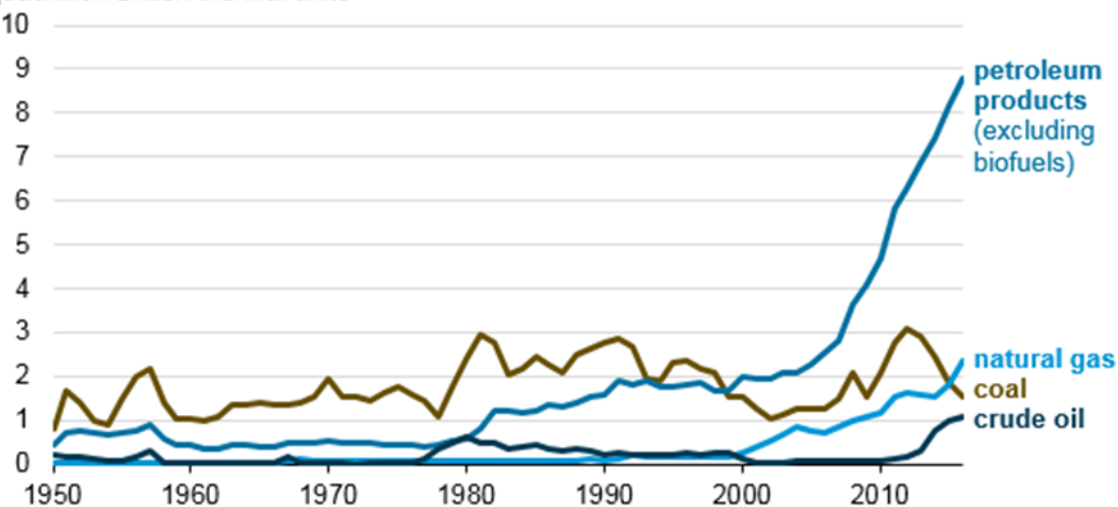
December 2017

Crude Oil Prices

For the month ending December 2017, the average price of both the Dated Brent and the West Texas Intermediate (WTI) increased. The Brent ended the month of December at **US\$64.21 per bbl**. This represented a **US\$1.64** or **2.62%** increase from the **US\$62.57 per bbl** recorded for the previous month. The West Texas Intermediate (WTI) ended the month at **US\$57.94**. This represented a **US\$1.29** or **2.28%** increase relative to last month. A one-year comparison of prices revealed that this year's price for the Brent is **10.14%** or **US\$18.75 per bbl** higher. When compared to last year's price, this year's WTI price is **11.40%** or **US\$5.93** higher. When compared to the price level two years ago, the Brent is **70.23%** and the WTI is **55.63%** above. The 5-year average of prices ranging from December 2012 to November 2017 for the Dated Brent and the West Texas Intermediate are **US\$72.48 per bbl** and **US\$67.28 per bbl** respectively. This month's price was **11%** below the 5-year average of prices for the Brent and **13.88%** for the WTI.



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



Natural Gas

For the month ending December 2017, natural gas price increased. The price for natural gas ended at **US\$2.76** per million metric which represented a decrease of **US\$0.23** or **7.69%**. In December 2016, natural gas per million metric was valued at **US\$3.58** signifying that this year's price is **US\$0.82** or **22.90%** higher. A two-year comparison revealed that natural gas prices have increased by **US\$0.84** or **43.75%** per million metric. The five-year average monthly price for natural gas

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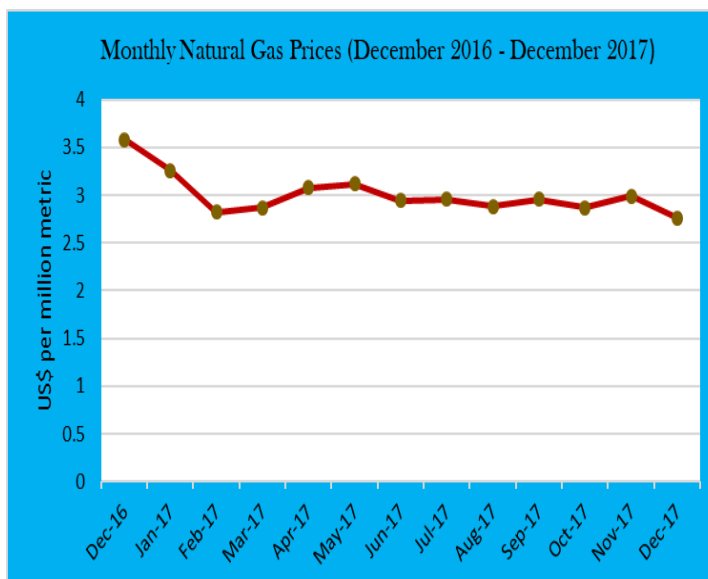
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International Commodity Prices

December 2017

ranging from December 2012 to November 2017 is **US\$3.24** per million metric, hence, this year's December price was **US\$0.26133** or **8.038%** below.

At the end on 2017 Henry Hub spot prices averaged \$2.99 per million British thermal units (MMBtu) in 2017, up 47 cents/MMBtu from a 17-year low in 2016. Henry Hub natural gas spot prices are forecast to average \$2.88/MMBtu in 2018 and \$2.92/MMBtu in 2019. Prices are expected to decline slightly from 2017 levels based on strong expected production growth, which EIA forecasts will meet growing domestic consumption and exports.



U.S. natural gas consumption



Soybean Prices

For the month ending December 2017, soybean price per metric tonne was **US\$398.00**. This denoted a **US\$3.00** or **0.75%** increase from November's value of **US\$401.00** per metric tonne. In December, this year, the average price of

soybean meal increased while the average price of soybean oil decreased. Soybean meal prices ended the month at **US\$375.67**. At the end of December, the price per metric tonne for soybean oil stood at **US\$861.67** per metric tonne representing a **US\$19.33** or **2.19%** increase compared to the previous month. A one-year comparison revealed that prices for soybean decreased by **5.238%** or **US\$22.00**. This month soybean price was **US\$26.00** or **6.989%** higher than its price two years ago. When compared to the corresponding period last year the soybean meal price was **US\$10.67** or **2.923%** lower. Soybean oil price was below last year's price by **US\$45.33** or **0.1136%**. A two-year comparison of prices for soybean meal revealed that this year's price is above prices two years ago by **US\$37.67** or **11.14%**. When the



Source: Short-Term Energy Outlook, April 2017

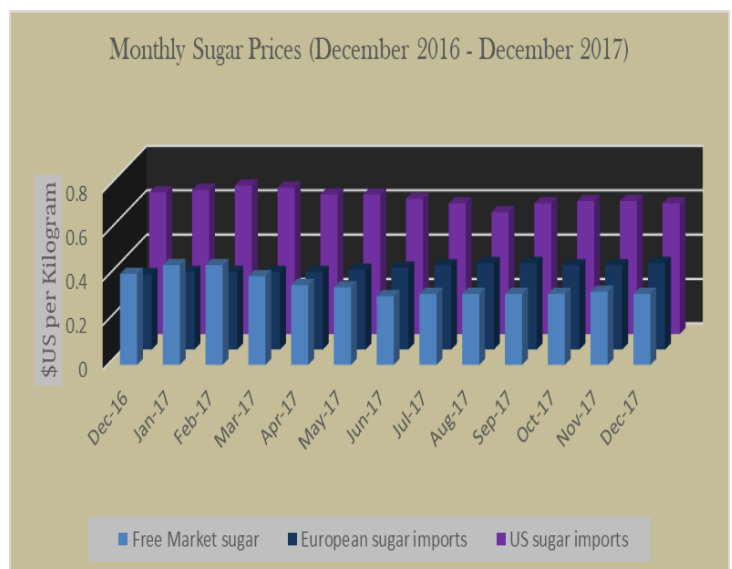
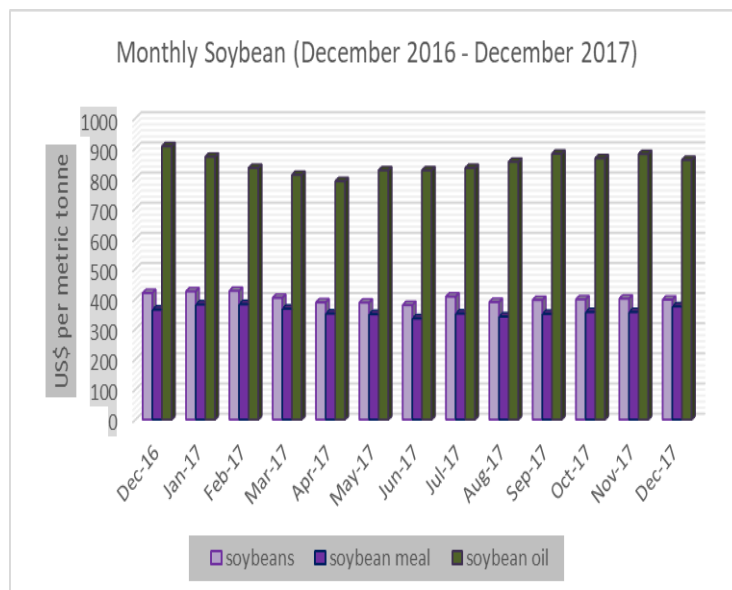
International Commodity Prices

December 2017

December 2017 soybean oil price was compared to corresponding period in 2015 this year's price is **US\$100.67** or **13.23%** above. The five-year average monthly price for soybean ranging from December 2012 to November 2017 is **US\$448.84** per metric tonne, which means that December's price was **US\$50.84** or **11.33%** lower. The five-year average monthly price for soybean meal ranging from December 2012 to November 2017 is **US\$444.69** per metric tonne, which means that December's price was **US\$69.02** or **15.52%** lower. The five-year average monthly price for soybean oil ranging from December 2012 to November 2017 is **US\$880.47** per metric tonne, which means that December's price was **US\$18.80** or **2.13%** lower.

Sugar Prices

At the end of December 2017, the average price of the Free Market Sugar ended the month at **US\$0.32** per kg, this was a decrease of **US\$0.0001** or **3.03%** over the previous month. For the US Sugar imports, the average price was **US\$0.59** per kg which is a decrease of **US\$0.01** or **1.67%**. At the end of December 2017, the European Sugar imports ended the month at **US\$0.39** per kg which was an increase of **US\$0.01** or **2.63%** relative to the previous month. For the period December 2017 relative to December 2016, the price of Free Market sugar decreased by **US\$0.09** or **21.95%** dollar per kg. A one-year comparison revealed that the price of the US Sugar imports has decreased by **US\$0.05** or **7.812%**, while the European sugar imports price has increased by **US\$0.05** or **14.70%** for the same



period. In December 2015, the price for the Free Market sugar was **US\$0.32** per kg, which is the same as this year's December price. The price of the US sugar imports is **US\$0.02** or **3.509%** higher than the 2015 price and the price of the European Sugar imports is **US\$0.03** or **8.333%** higher than the 2015 price. The 5-year average of prices ranging from December 2012 to November 2017 for the US imports and the European imports are **US\$0.3927** per kg and **US\$0.5493** per kg respectively. Hence, the price of US imports is above its long-term average by **7.403%** while the European



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International Commodity Prices

December 2017

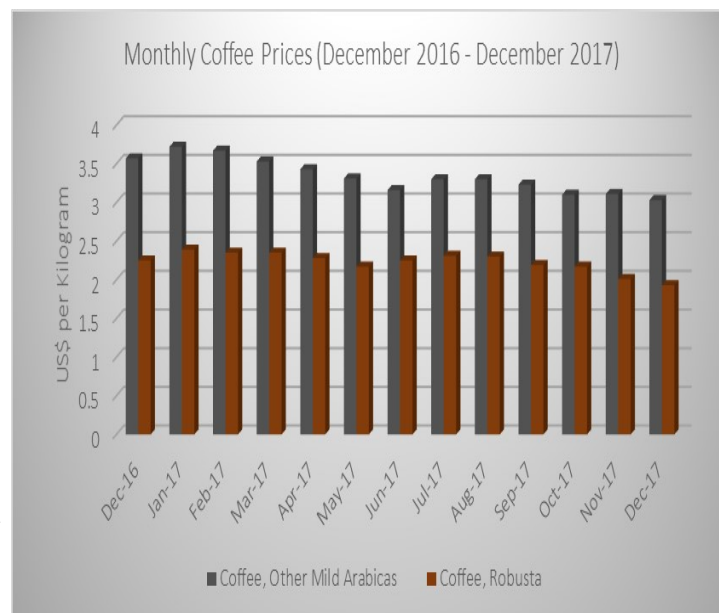
imports is below its average by **0.6791%**.

Coffee Prices

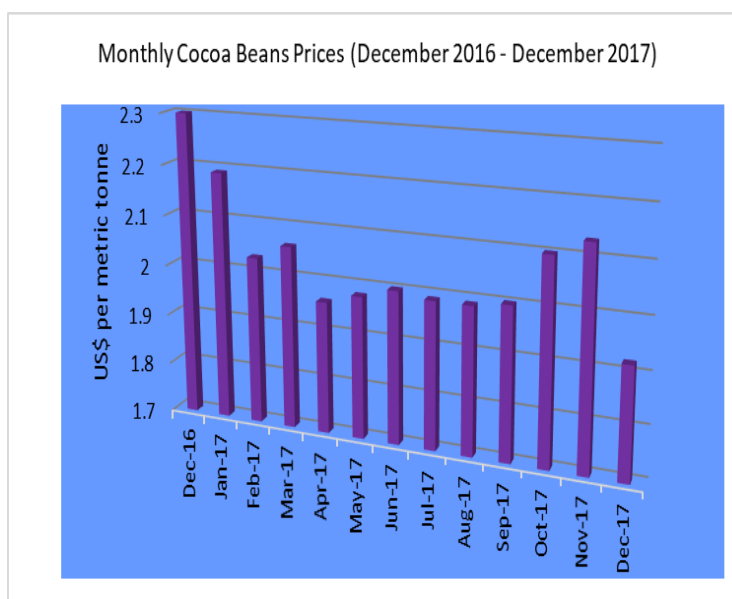
For the month ending December 2017 both the average prices of the Coffee of the Other Mild Arabicas and the Robusta coffee decreased. The price per kg for coffee of the Other Mild Arabicas category was **US\$3.03** per kg representing a decrease of **US\$0.08** or **2.57%**. A one-year comparison revealed that this month's price was **US\$0.54** or **15.13%** lower than last year's December's price. Robusta Coffee ended the month at **US\$1.93** per kg. This month's price is below the previous month's price by **US\$0.08** or **3.98%**. A one-year comparison revealed that the price of coffee in the Robusta category has decreased by **US\$0.32** or **14.22%**. A two-year comparison revealed that prices have decreased by **7.622%** for coffee of the 'Other Mild Arabica's category while prices rose by **10.28%** for coffee in the Robusta category. The five-year average monthly prices ranging from December 2012 to November 2017 for Arabica and Robusta are **US\$3.60** and **US\$2.08** respectively. This implies that this year's December price for the Arabica was **15.80%** lower than the average price and the Robusta coffee was **7.471%** higher than its average price.

Cocoa Beans

For the month ending December 2017, cocoa bean prices decreased relative to the previous month. Prices for the month ending was **US\$1.92** per kg representing a **US\$0.03** or **1.43%** decrease. A one-



year comparison revealed that this year's price is lower by **US\$0.38** per kg or **16.52%**. A two-year price comparison showed that the December 2017 price for cocoa beans is lower by **US\$1.43** per kg or **42.69%** than its price in December 2015. The five-year average of monthly prices ranging from December 2012 to November 2017 for cocoa bean is **US\$2.72** per kg, this means that this year's December price was **US\$0.80** or **29.40%** lower.





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International Commodity Prices

December 2017

Orange Prices

Orange prices for the month ending December 2017 decreased relative to November. In this regard prices decreased by **10.47%** or **US\$0.09** to end at **US\$0.77** per kg. For December 2017, relative to December 2016, oranges prices decreased by **US\$0.31** or **28.70%** per metric tonne. A two-year comparison revealed that this year's price is the same as the December 2015 price. The five-year average monthly prices ranging from December 2012 to November 2017 is **US\$0.2870**, this means that this year's price was **US\$0.0553** or **6.704%** below.

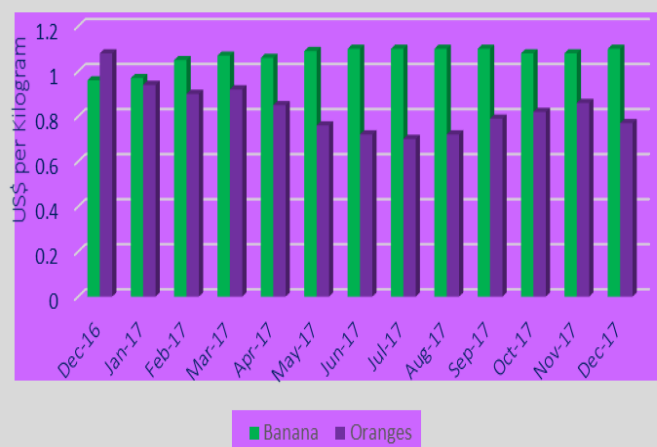
Banana Prices

For the month ending December 2017, banana prices increased to US\$1.1 per kg. In this regard prices increased by **US\$0.02** or **1.85%**. When compared to the same period in 2016, this year's price was **US\$0.14** or **14.58%** higher. A two-year comparison revealed that prices have risen by **US\$0.17** or **18%**. The five-year average monthly price ranging from December 2012 to November 2017 is **US\$0.97**, indicating that this month's price was **US\$0.126** or **12.94%** higher.

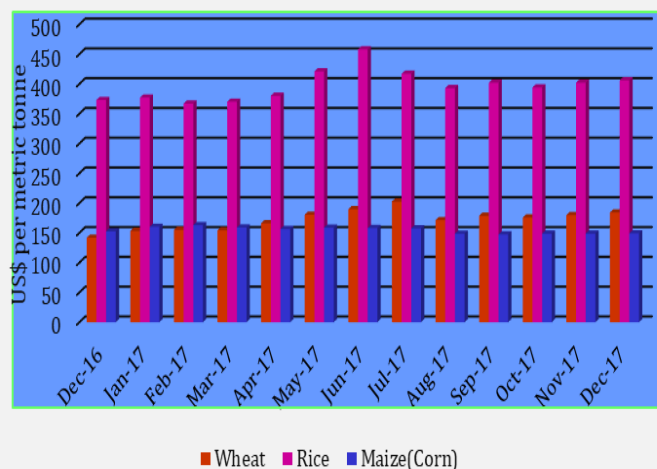
Corn Prices

For the month ending December 2017, corn prices increased. Prices increased by **US\$0.28** or **0.19%** relative to November, to close the month at **US\$148.98** per metric tonne. Between December

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



Monthly Cereal Price (December 2016 - December 2017)



2017 and December 2016 prices decreased by **US\$3.47** or **2.276%**. A two-year price comparison showed that this year's price was **US\$14.97** or **9.131%** lower. The five-year monthly average for corn prices ranging from December 2012 to November 2017 is **US\$189.80** per metric tonne, this means that this month's price was **US\$40.82** or **21.51%** lower.

International Commodity Prices

December 2017

Wheat

For the month ending December 2017 wheat prices increased relative to the previous month. Prices increased by **US\$4.41** or **2.45%** relative to November 2017 to end at **US\$184.09** per metric tonne. Relative to December 2016, prices have increased by **US\$42.26** or **29.80%** per metric tonne. A two-year comparison of wheat prices showed that this year December price was **US\$5.14** or **2.716%** above the December 2015's price. The average five-year monthly prices ranging from December 2012 to November 2017 is **US\$231.21** per metric tonne, meaning that this year's December price was **US\$47.12** or **20.38%** below.

Rice

For the month ending December 2017 the price of the 5 percent rice ended at **US\$406.00** per metric tonne. This value was **US\$4.00** or **1.00%** above the **US\$402.00** in November. This month's price is above the December 2016 price by **US\$33.00** or **8.847%**. A two-year comparison revealed that the commodity's price was **US\$43.00** or **11.84%** higher than its price in 2015. The five-year monthly price average for rice prices ranging from December 2012 to November 2017 is **US\$424.49** per metric tonne, indicating that December's price was **US\$18.49** or **4.356%** below the long term average.

Beef Prices

In December 2017, beef prices decreased relative to the previous month. Prices decreased by **US\$0.07**



per kg or **1.67%** when compared to the previous month, to close at **US\$4.13** per kg. When compared to November 2016, prices have risen by **US\$0.26** or **6.718%** per kg. In December 2015 prices were **US\$3.73** cents per pound hence this year's price was **US\$0.4** or **10.72%** above the 2015 price. The five-year average for prices ranging from December 2012 to November 2017 is **US\$4.323** cents per pound indicating that this month's price was **US\$0.1932** or **4.677%** below.

Aluminum Prices

The price of aluminum decreased in December 2017 relative to the previous month. Prices decreased by **US\$16.97** or **0.81%** to end the month at **US\$2,080.47** per metric tonne. For December 2017 relative to December 2016, prices increased by **US\$352.73** or **20.4%** per metric tonne. A two-year comparison revealed that this year's price was **US\$583.27** or **38.96%** above the price for the corresponding period in 2015. The five-year average for monthly prices ranging

International Commodity Prices

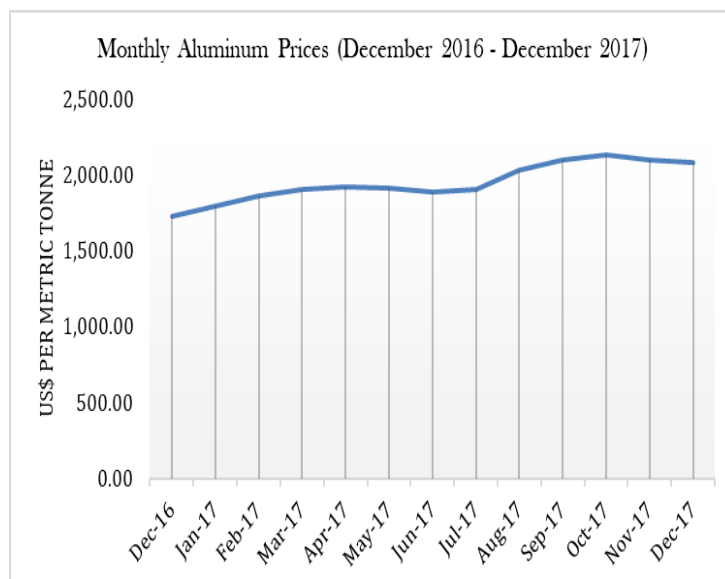
December 2017

from December 2012 to November 2017 for aluminum is US\$1,790.23 per metric tonne, this means that this year's December price was US\$290.24 or 16.21% higher.

Impact of global prices on Jamaica

There were price reductions observed in **57.89%** (11) of the commodities monitored for December 2017. Both the price of Brent and the WTI increased for the period December relative to November. The Brent increased by **2.62%** and the WTI increased by **2.28%**. Natural gas price decreased by **7.69%** for the period December over November.

The Food and Agriculture Organization of the United Nations (FAO) Food Price Index (FFPI) averaged 69.8 points in December 2017, down 5.8 points (3.3%) from November with the steepest declines registered in the prices of dairy, vegetable oils and sugar while those of cereals and meat also fell but only slightly. For the whole of 2017, the FFPI averaged 174.6 points, up 8.2% from 2016 and representing the highest annual average since 2014 although still 24 percent below the 2011 high of almost 230 points. The FAO Cereal Price Index averaged 152.7 points in December, down marginally from November but still up 7.4% from December 2016. Ample supplies and slower sales contributed to weaker wheat prices. Over the year, the FAO Cereal Price Index averaged 151.6 points in 2017, up 3.2 percent from 2016 but still some 37% below its peak reached in 2011. The FAO sugar price index average 204 points in December, down 8.6 points (4.1%) from November. After a relatively strong rebound in November, international



sugar quotations fell back in December due to seasonal pressure, subdued demand and expectations of a large surplus in 2018. Over the year, the FAO Sugar Price Index averaged 227.3 points in 2017, down 11.2% from 2016 and as much as 38% from its 2011 peak of 369 points. The FAO Meat Price Index averaged 184.4 points in December, down 19.8 points (9.7%) from November, marking the third successive month of decline. Overall, the FAO Dairy Price Index averaged 202.2 points in 2017, up 31.5% from 2016, with the largest increase recorded for butter followed by whole milk powder (WMP) and cheese, whereas SMP prices remained stable.

International Commodity Prices

December 2017

Commodity	Unit	October Price	November Price	Monthly Change %
Aluminum	Metric tonne	2131.00	2097.00	-1.60%
Bananas	Kilogram	1.08	1.08	0.00%
Beef	Kilogram	4.17	4.20	0.72%
Cocoa Beans	Metric tonne	2.10	2.13	1.43%
Coffee-Arabicas	Kilogram	3.10	3.11	0.32%
Coffee-Robusta	Kilogram	2.17	2.01	-7.37%
Corn-Maize	Metric tonne	148.62	148.70	0.05%
Natural gas	MMBTU	2.87	2.99	4.18%
Crude Brent	Barrel	57.62	62.57	8.59%
Crude West Texas Intermediate	Barrel	51.56	56.65	9.87%
Oranges	Kilogram	0.82	0.86	4.88%
Rice	Metric tonne	394.00	402.00	2.03%
Soybean	Metric tonne	399.00	401.00	0.50%
Soybean meal	Metric tonne	357.00	357.00	0.00%
Soybean oil	Metric tonne	867.00	881.00	1.61%
Sugar (free market)	Kilogram	0.32	0.33	3.13%
Sugar US (Import)	Kilogram	0.60	0.60	0.00%
Sugar European (Import)	Kilogram	0.38	0.38	0.00%
Wheat	Metric tonne	175.63	179.68	2.31%

International Commodity Prices

December 2017

Actual prices through
20-Jan-2016

Table 2. Medium Term Commodity Price Baseline
(In U.S. Dollars)

Commodities	Units	2009A1	2010A1	2011A1	2012A1	2013A1	2014A1	2015A1	2016A1	2017A1	2018A1	2019A1	2020A1	2021A1
					Actual					Projections				
Food														
Cereals														
Wheat	\$/MT	190.1	194.5	280.0	276.1	265.8	242.5	185.6	181.1	192.8	199.7	202.7	201.0	199.3
Maize	\$/MT	165.5	186.0	291.8	298.4	259.0	192.9	169.8	151.8	158.7	163.0	166.4	166.4	166.4
Rice	\$/MT	389.4	520.6	551.7	580.2	518.8	426.5	380.2	351.8	305.3	305.3	305.3	305.3	305.3
Barley	\$/MT	128.4	158.4	207.2	238.2	206.4	146.1	127.9	120.5	133.4	128.9	128.4	127.7	127.0
Vegetable oils and protein meals														
Soybeans	\$/MT	378.5	384.9	484.2	537.8	517.2	457.8	347.4	322.7	327.3	328.2	328.2	328.2	328.2
Soybean meal	\$/MT	359.3	331.3	378.9	473.3	477.3	467.0	352.7	302.4	311.6	314.9	316.9	316.9	316.9
Soybean oil	\$/MT	787.0	924.8	1215.8	1151.8	1011.1	812.7	672.2	664.1	682.6	681.0	681.0	681.0	681.0
Palm oil	\$/MT	644.1	859.9	1076.5	939.8	764.2	739.4	565.1	551.4	556.9	569.6	529.3	486.8	447.2
Fish meal	\$/MT	1255.9	1739.2	1519.3	1624.3	1710.5	1921.5	1759.2	1519.2	1210.6	1210.6	1210.6	1210.6	1210.6
Sunflower Oil	\$/MT	1041.7	1186.0	1621.8	1489.5	1341.1	1080.3	1022.2	1008.8	1001.0	1001.0	1001.0	1001.0	1001.0
Olive oil	\$/MT	3509.3	3171.3	3070.3	3135.7	3816.7	3911.8	4927.1	4232.2	4385.8	4385.8	4385.8	4385.8	4385.8
Groundnuts	\$/MT	994.6	1239.4	1724.0	1688.2	2314.5	2148.3	1946.2	1596.5	1574.7	1574.7	1574.7	1574.7	1574.7
Rapeseed oil	\$/MT	856.2	1011.7	1366.6	1239.1	1081.2	904.4	774.6	787.0	718.1	719.0	719.0	719.5	719.0
Meat														
Beef	cts/lb	119.6	152.5	183.2	187.9	183.6	224.1	200.5	158.3	152.2	152.2	152.2	152.2	152.2
Lamb	cts/lb	146.9	145.7	149.2	100.9	106.7	130.6	107.9	96.3	99.0	98.4	97.7	97.1	96.2
Swine Meat	cts/lb	55.8	74.4	89.1	82.8	86.5	102.8	67.9	51.7	46.9	47.4	46.9	46.1	45.5
Poultry	cts/lb	85.6	85.8	87.4	94.3	103.8	110.1	114.7	117.3	125.1	125.1	125.1	125.1	125.1
Seafood														
Salmon	\$/kg	4.9	6.1	5.9	4.8	6.8	6.6	5.3	5.4	4.8	4.8	4.8	4.8	4.8
Shrimp	\$/lb	9.5	10.1	11.9	10.1	14.0	16.6	14.1	9.7	9.0	9.0	9.0	9.0	9.0
Sugar														
Free market	cts/lb	18.2	20.9	26.2	21.4	17.7	17.1	13.2	13.9	13.9	13.6	14.5	14.5	14.5
United States	cts/lb	24.3	31.1	37.6	28.9	21.2	24.9	24.9	25.9	25.6	25.5	24.8	24.7	23.8
EU	cts/lb	26.0	25.7	26.7	26.4	26.0	27.4	25.4	25.0	25.2	25.2	25.2	25.2	25.2
Bananas	\$/MT	848.0	881.4	975.9	984.3	926.4	931.9	958.7	911.3	877.5	861.2	853.4	845.5	837.2
Oranges	\$/MT	909.0	1033.2	891.1	868.0	967.3	782.5	675.1	763.5	763.4	763.4	763.4	763.4	763.4
Beverages														
Coffee														
Other milds	cts/lb	141.6	194.4	273.2	187.6	141.1	202.8	160.5	120.9	125.7	132.2	137.3	137.3	137.3
Robusta	cts/lb	77.1	84.1	116.0	110.6	100.5	105.6	94.2	64.5	70.7	70.7	70.7	70.7	70.7
Cocoa Beans	\$/MT	2895.0	3130.6	2978.5	2377.1	2439.1	3062.8	3135.2	2872.9	2810.2	2760.0	2660.7	2557.4	2458.1
Tea	cts/kg	314.0	316.7	346.2	348.9	266.0	237.9	340.4	351.7	354.2	354.2	354.2	354.2	354.2
Agricultural raw materials														
Timber														
Hardwood														
Logs	\$/M3	287.2	278.2	390.5	360.5	305.4	282.0	246.0	244.6	254.6	254.6	254.6	254.6	254.6
Sawnwood	\$/M3	805.5	848.3	939.4	876.3	852.8	897.9	833.2	824.2	832.0	830.1	826.3	824.2	821.1
Softwood														
Logs	\$/M3	136.7	141.5	150.0	148.0	164.5	174.3	162.0	162.1	166.8	163.9	161.9	157.8	156.9
Sawnwood	\$/M3	291.0	281.8	280.9	284.7	301.4	307.3	311.0	317.3	311.0	309.0	304.6	301.3	298.3
Cotton	cts/lb	62.8	103.5	154.6	89.2	90.4	83.1	70.4	62.2	63.3	62.9	62.6	54.2	46.3
Wool														
Fine	cts/kg	778.5	1023.2	1638.2	1345.3	1197.7	1074.4	1005.8	1028.3	1028.3	1006.2	877.2	773.7	652.3
Coarse	cts/kg	611.4	820.1	1209.2	1212.6	1128.1	1030.4	922.8	866.8	724.3	608.7	601.8	540.2	485.4
Rubber	cts/lb	87.2	165.7	218.5	153.2	126.8	88.8	70.7	59.1	61.8	54.2	49.4	44.0	39.2
Hides	cts/lb	44.9	72.0	82.0	83.2	94.7	110.2	87.6	72.1	79.9	79.0	78.2	78.6	78.2
Metals														
Copper	\$/MT	5165.3	7538.4	8823.5	7958.9	7331.5	6865.4	5510.5	4362.0	4351.0	4360.8	4377.1	4394.7	4401.0
Aluminum	\$/MT	1689.2	2173.0	2400.6	2022.8	1846.7	1867.4	1664.7	1476.9	1513.1	1562.9	1625.4	1694.3	1751.7
Iron Ore	\$/MT	80.0	146.7	167.8	128.5	135.4	96.8	55.2	35.9	32.1	31.6	35.9	35.9	35.9
Tin	\$/MT	13602.7	20367.2	26051.4	21109.4	22281.6	21898.9	16066.6	13461.4	13339.3	13339.3	13339.3	13339.3	13339.3
Nickel	\$/MT	14672.4	21810.0	22909.1	17541.7	15090.0	16893.4	11862.6	8578.1	8705.2	8810.8	8900.8	8970.8	9017.0
Zinc	\$/MT	1638.4	2160.4	2195.5	1950.0	1910.2	2161.0	1931.7	1493.7	1524.3	1544.6	1553.8	1555.8	1555.8
Lead	\$/MT	1719.4	2148.2	2400.7	2063.6	2139.7	2095.5	1787.8	1617.0	1652.6	1659.3	1697.2	1735.0	1754.5
Uranium	\$/lb	46.7	46.0	56.2	48.9	38.6	33.5	36.8	32.9	33.5	33.5	33.5	33.4	33.5
Energy														
Spot Crude 1/	\$/bbl	61.8	79.0	104.0	105.0	104.1	96.2	50.8	29.9	35.8	39.7	43.1	45.3	46.5
Natural Gas														
Russian in Germany	\$/MMBTU	8.9	8.2	10.6	12.0	11.2	10.5	7.3	5.8	5.8	5.8	5.8	5.8	5.8
Indonesian in Japan (LNG)	\$/MMBTU	7.5	9.4	15.6	18.1	17.3	17.0	10.9	9.5	9.5	9.5	9.5	9.5	9.5
US, domestic market	\$/MMBTU	3.9	4.4	4.0	2.8	3.7	4.4	2.6	2.3	2.7	2.9	3.0	3.1	3.2
Coal														
Australian, export markets	\$/MT	77.0	106.0	130.1	103.2	90.6	75.1	61.6	51.0	51.7	51.7	51.7	51.7	51.7

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

Monthly Inflation Rate and Treasury Bill Rates

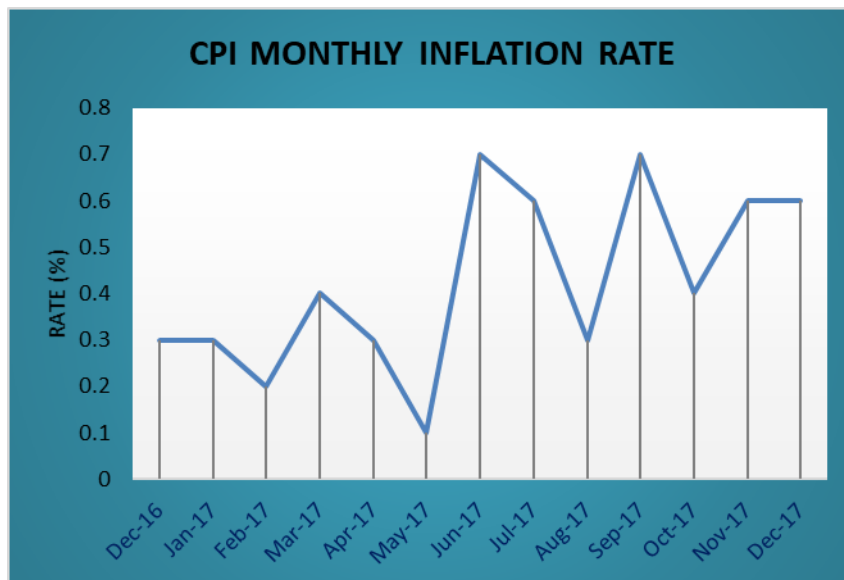
Monthly Inflation Rate

Inflation, measured by the All Jamaica “All Divisions” Consumer Price Index (CPI) increased by **0.6%** for the period December 2017 over November 2017. The increase in the rate for December 2017 over November 2017 brought inflation calendar year 2018 to **5.2%** and inflation for the fiscal year to December 2017 was **4.2%**.

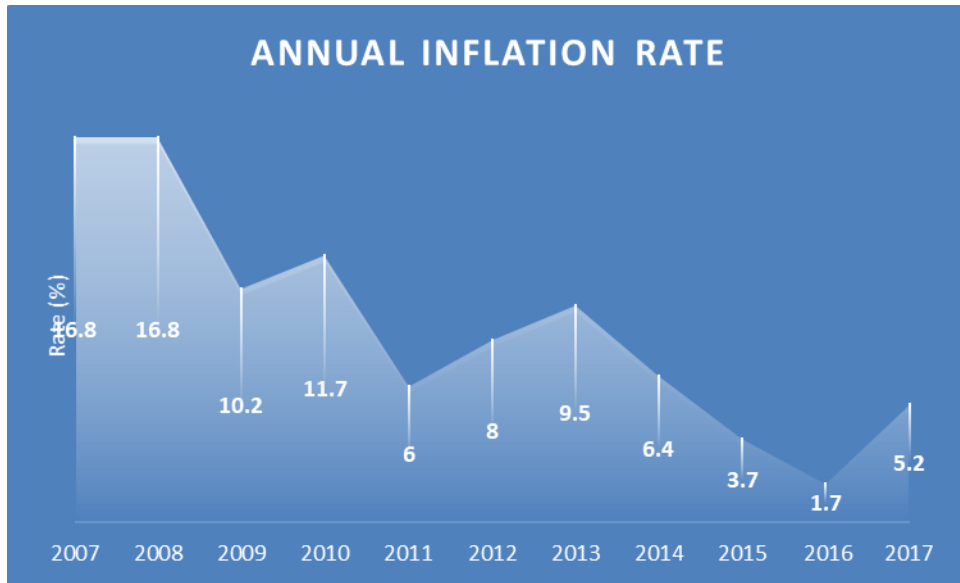
According to the Statistical Institute of Jamaica for December 2017 the outturn for the month was largely influenced by the upward movement of 0.8% in the index for the division Food & Non-Alcoholic Beverages. The movement rate of this division was largely impacted by the class Vegetables and Starchy Foods which went up by 2.2%. Higher prices for vegetables and starchy foods were the main contributors. Another significant increase was seen

in the division Housing Water, Electricity, Gas and Other Fuels of 1.2%. The movement in this division was mainly due to a rise in the cost of electricity.

Inflation in all the three regional areas increased for the month of December 2017 relative to November 2017. Inflation in the Greater Kingston Metropolitan area (GKMA), Other Urban Centers (OUC) and Rural Areas increased by 0.7%, 0.5% and 0.5%, respectively.



Monthly Inflation Rate and Treasury Bill Rates

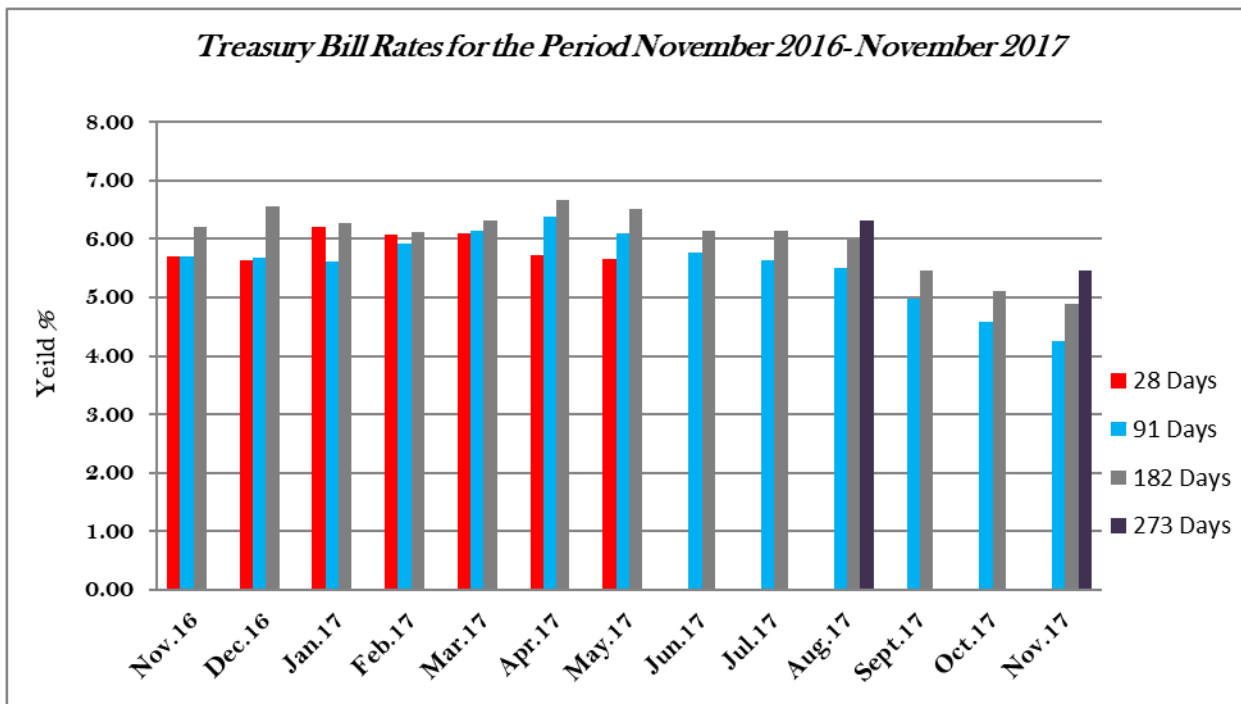


Treasury Bill Rates

For the month of November 2017 relative to October 2017, yields on the Government of Jamaica 91-day and 182-day bills decreased by **32bps** and **22bps** respectively. Yield on the 273-day was 5.45%. For the period November 2017 in comparison to November 2016, yields on GOJ 91-day, 182-day and

the 273-day decreased of 144bps, 131bps and 129bps respectively. A two-year comparison showed decreases in the rate of **189bps** and **120bps** on the yields of the 91-day, and 182-day.

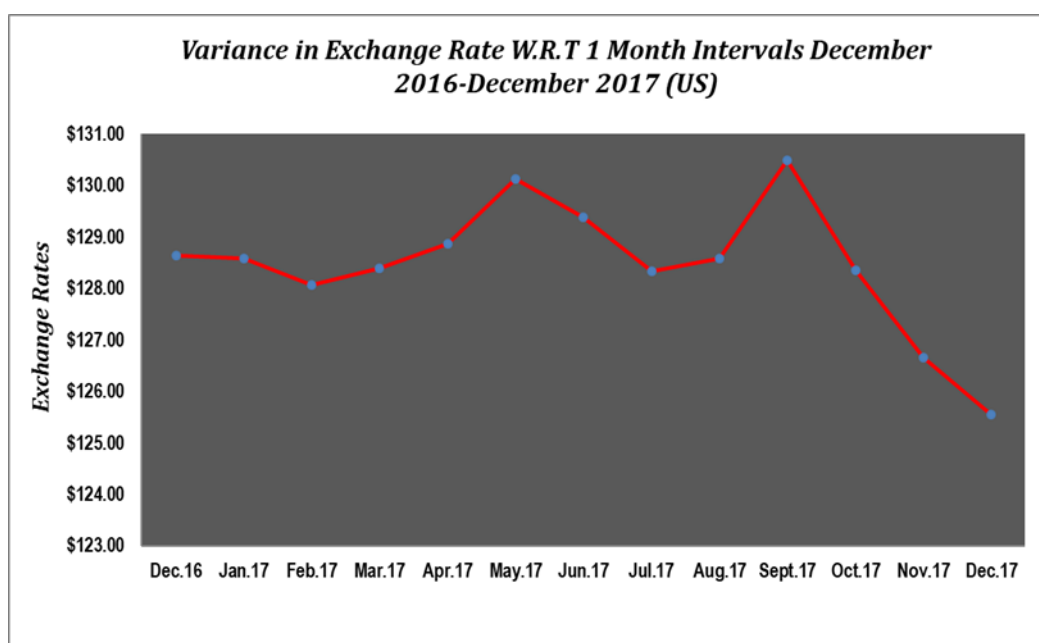
NB: All 90-day will now and hereafter by referred to as 91-day.



Monthly Exchange Rates Update

JMD:USD

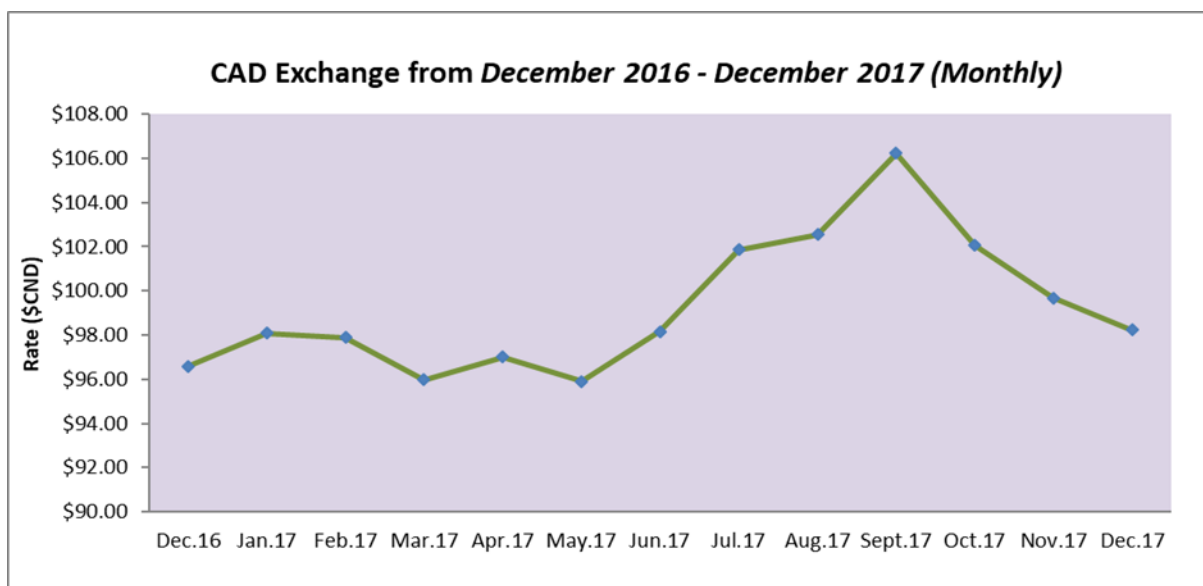
In analysis of the exchange rates over the period December 2017 over November 2017, the monthly average value of the Jamaican dollar appreciated by **\$1.12** or **0.8842%** relative to the US dollar. As a result, the exchange rate progressed to settle at **US\$1.00=J\$125.55**. A one-year comparison revealed appreciation in the currency ratio of J\$3.09, resulting in an overall decrease in the value of the \$US by 2.402%. 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\$5.31 (percentage increase of 4.416).



JMD:CAD

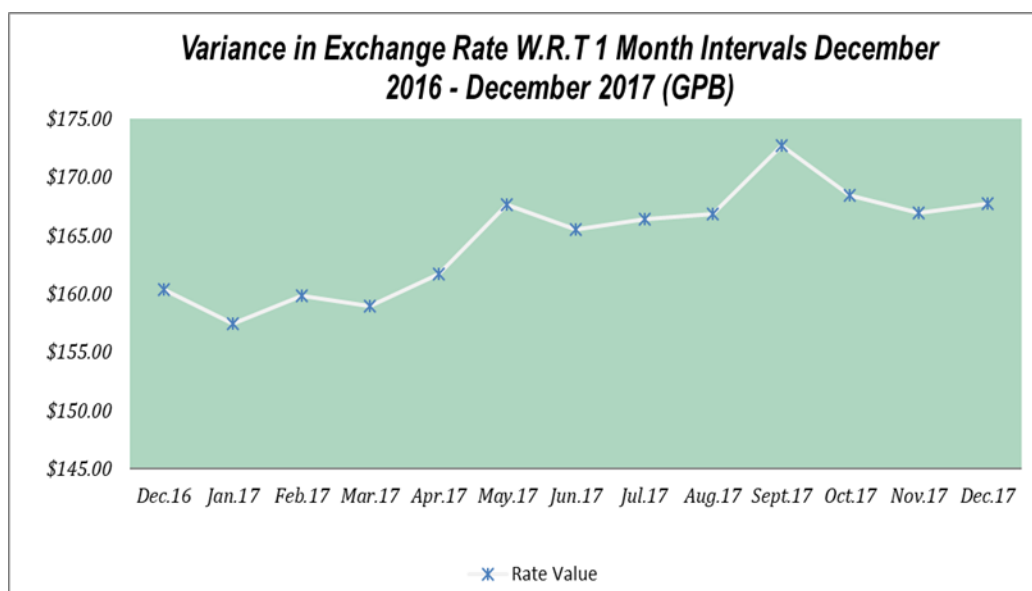
In relation to the exchange rate recorded for the month of December 2017, calculations accentuated the fact that the Jamaican dollar appreciated by **1.455%** (**\$J1.45**) relative to the previous month. In this regard, the value of the Jamaican dollar to the Canadian dollar at the end of December was **CAD\$1.00=J\$98.22**. The exchange rate of December 2017 was further set side by side with the rate 1 year earlier (December 2016) which revealed that the value of the Jamaican dollar appreciated by J\$1.64 or 3.629%. Furthermore, calculations comparing the exchange rate values for December 2017 and December 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\$13.31 (appreciation of 15.67%).

Monthly Exchange Rates Update



JMD:GBP

The exchange rate's monthly variance of **J\$0.86** was seen to exist within the boundaries of December 2017 and November 2017, this indicates that the Jamaican dollar depreciated by some **0.5153%**. The exchange rate at end December was **GBP1.00=J\$ 167.76** in comparison to the previous month **GBP1.00=J\$166.90**. The annual comparison of the exchange rates for the months December 2017 and December 2016 revealed that the Jamaican dollar depreciated in such a way that there was an increase in the price of the \$GBP equal to J\$7.40 (4.615%). Further investigation of the exchange rate extending to December 2015 showed that the cost of the Pound decreased by J\$9.36 or 5.284%.



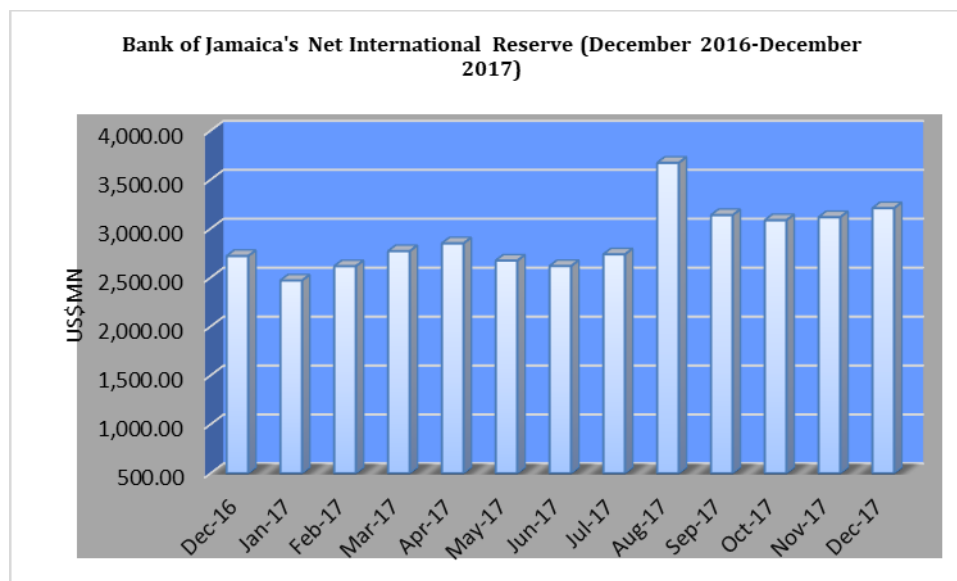
Net International Reserves & Money Base

December 2017

Net International Reserves

Data for the month ending December 2017 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was **J\$409.47 billion (US\$3,208.29 million)**. This reflected an increase of **J\$11.939 billion (US\$92.07 million)** relative to November. The change in the NIR for the month was due to an increase both in foreign assets and foreign liabilities. Under the category of foreign asset all categories increased. Currency and Deposit increased by **US\$86.76 million**, Securities increased by **US\$7.15 million** and SDR & IMF Reserve Position increased by **US\$1.67 million** to end the month with total foreign asset **US\$3,781.17 million**.

This represented a total increase of **US\$95.57 million**. Under the category of Foreign liabilities payments to the IMF increased while Other payments remained the same. Payments to the IMF increased by **US\$3.50 million** which was the total increase in Foreign liabilities. Foreign Liabilities ended the month at **US\$572.88 million**. At the end of December, the gross reserves were sufficient to finance **40.14 weeks** of goods imports which represented **28.14 weeks** over the international benchmark of **12 weeks** of goods imports.

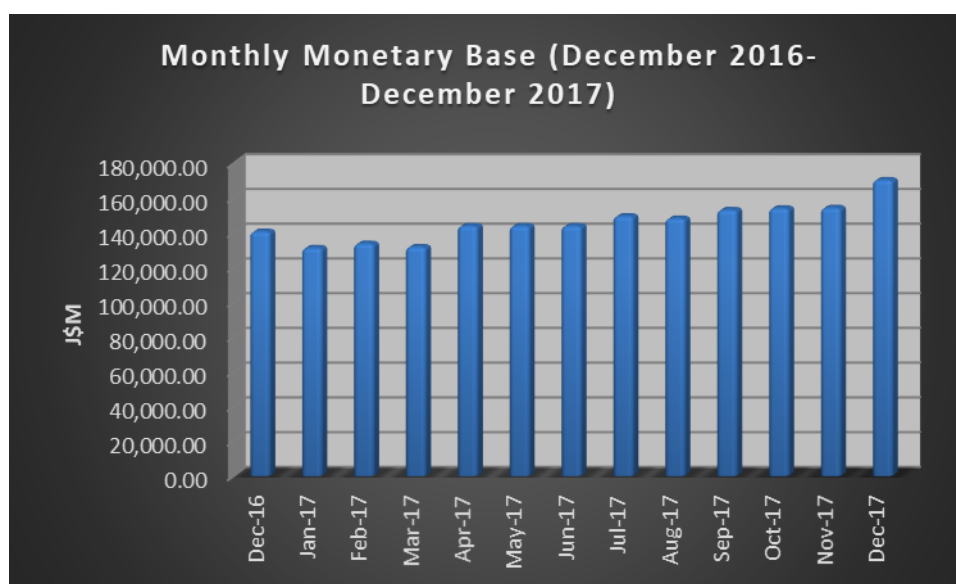


Net International Reserves & Money Base

December 2017

Monetary Base

The monetary base increased by **J\$16.041** billion to **J\$170.392** billion for December 2017 relative to November. The change in the base reflected increases in all three sources. Net Currency Issue increased by **J\$15.668** billion to end at **J\$110.92** billion. Commercial Banks' Current Statutory Reserves increased by **J\$0.196** billion to a total of **J\$58.759** billion. The Commercial Banks' Current Account increased by **J\$0.175** billion to a total of **J\$0.713** billion.



Tourist Arrivals

December 2017

Stopover tourist arrivals for November 2017 were **187,062**. This month's total was **29,682** or **18.86%** higher than the 157,380 in October 2017. This year's November total is an increase of **14.7%** over the **163,152** recorded in November 2016. May to November stopover totaled 1,310,150, an 11.2% increase over the 1,178,123 in 2016. Total stopovers for January to November 2017 was 2,101,115, representing an increase of 7.7% compared to 1,951,231 for the corresponding period last year.

For November 2017, the changes reflected in the total stopovers observed in the seven categories of destination were all increases. Out of the seven categories the highest percentage increases were seen in the United States with 18.6%, Asia with 16.0%,

Latin America with 14.2% and Canada with 12.5%. Increases were also seen in Europe, the Caribbean and Other Countries with 5.2%, 2.6% and 1.6%.

A total of **234,643** cruise passengers visited Jamaica in November 2017. This represented a **84,567** or **56.35%** overall increase compared to the **150,076** recorded in October 2017. For the corresponding period in 2016 total cruise passengers was **159,383** hence this year's total was **47.2%** more.

The January to November 2017 period saw 1,715,06 cruise passenger arrivals at the three major ports, an increase of 241,841 passengers or 16.4% compared to the corresponding period last year.



Previous Highlights: November 2017 Summary

December 2017

- ◇ At the end of November 2017, the monthly average value of the Jamaican Dollar appreciated against the US dollar, the Canadian dollar and the Great Britain Pound. The Dollar appreciated against the US\$ by \$1.68 or 1.309% to end at J\$126.67=US\$1.00. The value dollar appreciated by J\$2.39 or 2.342% against the Canadian Dollar to end at CAD\$1.00=J\$99.67. The value of the Great Britain Pound appreciated by J\$1.56 or 0.9260% to end at GBP1.00=J\$166.90.
- Inflation, measured by the All Jamaica “All Divisions” Consumer Price Index (CPI) increased by 0.6% for the period November 2017 over October 2017. The increase in the rate for November 2017 over October 2017 brought inflation calendar year-to-date to 4.6% and inflation for the fiscal year to November 2017 was 3.6% and the point-to-point rate was 4.9%.
- Data for the month ending November 2017 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was J\$397.53 billion (US\$3,116.22 million).
- The monetary base increased by J\$0.216 billion to J\$154.351 billion for November 2017 relative to October.
- For the month of November 2017 relative to October 2017, yields on the Government of Jamaica 91-day and 182-day bills decreased by 32bps and 22bps respectively.
- Stopover tourist arrivals for September 2017 were 131,416. This month’s total was 61,462 or 31.86% higher than the 192,878 in August 2017. Total stopovers for January to September 2017 were 1,756,673. A total of 132,551 cruise passengers visited Jamaica in September 2017.
- There were price reductions observed in 10.53% (2) of the commodities monitored for November 2017. Both the price of Brent and the WTI increased for the period November relative to October. The Brent increased by 8.59% and the WTI increased by 9.87%. Natural gas price increased by 4.18% for the period November over October.

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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The Private Sector Organization of Jamaica, 39 Hope Road, Kingston 10

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December 2017

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