

MONTHLY ECONOMIC BULLETIN



CEO's Remarks

Having recently resumed our monthly economic bulletin publication, we are pleased to share the April 2019 edition with you. These monthly publications are designed to keep you informed about the economic landscape in Jamaica and give you a behind-the-scenes look at some of the internal and external activities spearheaded by the PSOJ secretariat.

Please be reminded that we invite you to showcase your products, services or exciting new campaigns within the membership community at affordable rates. Contact our Marketing team at marketing@psoj.org or 876-923-6790 to coordinate today.

Based on the findings within this period under review, we are encouraged by the strengthened infrastructure of the economy. With the improved macroeconomic output the island is registering its best annual growth numbers in over a decade. This ambitious reform program to stabilize the economy, reduce debt and fuel growth, continues to bear good fruit for the Jamaican economy.

Additionally, this report highlights the continued positive trajectory of key macro-economic indicators. With growth projected within the range of 1.7% – 2.0% for FY 2019/20, and unemployment at a record low of 8.00%, the PSOJ welcomes the Government's push in establishing an enabling business environment for the country's economic development process. This is evidenced through consumer and business confidence in the economy remaining positive, with both indices recording increases for the first quarter of 2019.

Though heartened by the positives, we continue to be concerned with areas that remain volatile. Instability in the foreign exchange market, growing trade deficits and the implications of crime and violence remain priorities for the PSOJ. We actively continue to monitor and have discussions around these factors which impact our members' abilities to thrive.

We hope you enjoy reading this month's issue and please share your feedback with us!

Cheers,
Makeba Bennett-Easy
CEO

APRIL 2019

Inside the Bulletin...

CEO's Remarks	1
Macroeconomic Overview	2
Key Macroeconomic Indicators	2
Regional & Global Developments	3
Monetary Policy Developments	3
FX Market Developments	4
Financial Sector Developments	4
International Trade Developments	4
Fiscal Developments	5
Concluding Remarks	5
Internal Highlights	6

Related Stories

[IDB Says NIDS Loan Intact](#)

The US\$68-million loan to the Jamaican Government from the Inter-American Development Bank, for implementation...

[Airbnb spurs Jamaica's Homeshare Market](#)

Tourism Minister Edmund Bartlett reported to Parliament on Tuesday that home stays booked through Airbnb grew by 62% from...

[31,000 Jamaicans to Own Shares in Wigton Windfarm](#)

The lead broker in the initial public offering (IPO) of shares in Wigton Windfarm, Mayberry Investments, has indicated that 31,000 Jamaicans will own shares in the...

Macroeconomic Overview

Boosted by six years of positive GDP growth and a 12-year high in annual economic growth in 2018, the Jamaican economy continues to show increased signs of recovery. The 1.9% growth in GDP for the calendar year 2018 was primarily due to growth in activities for the agriculture, construction, manufacturing, mining and quarrying sectors. This strengthened foundation resulting from the improved macroeconomic outturns coupled with ongoing efforts to boost economic sustainability continues to move the country to a stage of economic independence.

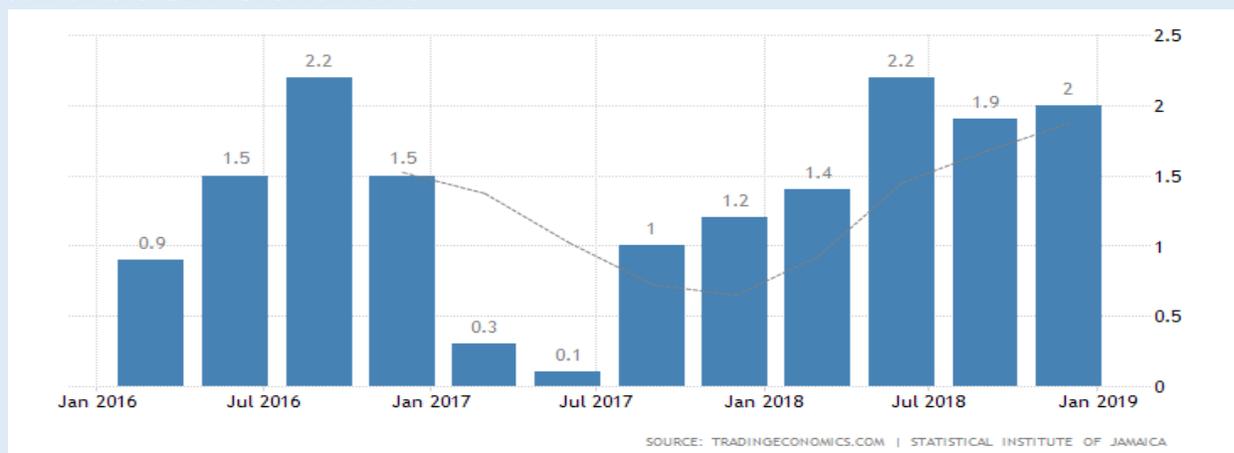
Jamaica's economic stability is supported by relatively low inflation, high net international reserves (NIR), successive positive growth, and fiscal discipline. Additionally, the country continues to see improvements in the labour market with a record low unemployment rate of 8.00% announced in March 2019. According to the Statistical Institute of Jamaica (STATIN), the labour market in the real estate, renting and business activities industries have accounted for much of the increase in employment during the past 12 months. The 12 month point to point inflation rate increased to 3.41%, drawing closer to the target range of 4.0%-6.0%. Amidst this progress, increased volatility in the foreign exchange market, continuous trade deficits and implications of crime and violence continue to be impediments to growth for the Jamaican economy.

With results for the January 2018 to March 2018 quarter expected in short order, Jamaica's macroeconomic indicators continue to be positive. Growth is forecasted to be within the range of 1.5% –2.9% over the next four fiscal years with 1.5% being the estimate for 2019/2020 with significant contributions expected from the Mining & Quarrying, Construction, Agriculture and Hotels & Restaurants industries.

Key Macroeconomic Indicators

Indicators	Last	Reference	Previous	Frequency
Quarterly GDP Growth Rate (%)	1.70%	Jan-19	1.80%	Quarterly
GDP Annual Growth Rate (%)	2.00%	Dec-18	1.90%	Quarterly
Unemployment Rate (%)	8.00%	Mar-19	8.70%	Quarterly
Inflation Rate (%)	3.41%	Mar-19	2.40%	Monthly
Policy Rate (%)	1.25%	Mar-19	1.50%	Daily
Exports	US\$603.3 Million	Jan-19	US\$1.879 Billion	Quarterly
Imports	US\$152.98 Million	Jan-19	US\$6.126 Billion	Quarterly
Fiscal Surplus	US\$5.92 Billion	Feb-19	US\$19.19 Billion	Quarterly
Net International Reserves	US\$3.08 Billion	Mar-19	US\$3.03 Billion	Monthly
Government Debt to GDP (%)	103%	Dec-18	121%	Yearly
Corporate Tax Rate (%)	25%	Dec-18	25%	Yearly
Personal Credit Loan Rate	25%	Dec-18	25%	Yearly
Average Commercial Credit Loan Rate	10.64%	Jan-19	2.00%	Monthly

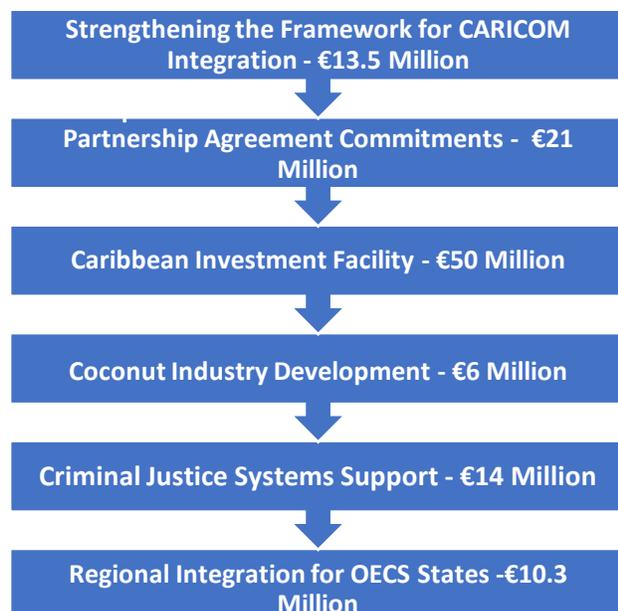
Jamaica's GDP Growth Rate



Regional & Global Developments

EU Grant Packages to CARICOM

Six financing agreements were signed between the European Union and CARICOM valued at €114.8 million. These agreements are expected to have direct impact for the citizens of the Caribbean region. The six areas facilitated under the agreement are:



China Growth Steady amid Tariff Fight with US

Over the last quarter, China's economic growth has remained steady despite a tariff war with the United States, as Chinese efforts to reverse a slowdown started to gain traction.

The Beijing government stated that China, the second-largest economy in the world, expanded by 6.40% over a year before in the three months ending in March 2019. This it said matched the previous quarter for the weakest growth since 2009. A revival in Chinese growth and demand for imports could help to shore up weakening global economic activity.

China remains the biggest export customer for its Asian neighbours and a top market for autos, mobile phones and other consumer goods, food and industrial technology. Forecasters expect Chinese growth to continue in its recovery mode for the rest of the year.

International Commodity Prices Tracker

Commodity	Unit	Price	Change M-O-M
Natural Gas	MMBTU	\$2.76	6.56%
Crude Brent	Barrel	\$71.12	0.14%
Crude WTI	Barrel	\$63.40	-0.02%
Sugar	Kilogram	\$0.12	-7.69%
Aluminum	Metric Tonne	\$2,225.00	0.50%

Monetary Policy Developments

Inflation Rate

3.41%

Last reported: March 2019

The Statistical Institute of Jamaica (STATIN) released data indicating an upward tick in inflation, the most significant change in the rate over 7 months. This significant increase resulted from movements in the heavily weighted Food and Non-Alcoholic Beverages segment of the basket of goods and services constituting the Consumer Price Index (CPI).



Bank of Jamaica's Policy Rate

1.25 %

Last reported: March 2019

The Bank of Jamaica is expected to announce the policy rate and table its Monetary Policy Report on Friday May 17, 2019. The mandate of BOJ's monetary policy is the maintenance of price stability or low inflation, hence its monetary policy is geared towards achieving the medium term inflation target of 4.0% to 6.0%. The Bank's announcement should

be in keeping with the current macroeconomic environment and BOJ's forecasted indicators.

Foreign Exchange Market Developments

JMD: USD

\$134.96

As at end-April 2019

The foreign exchange (FX) market continued to trade with strong demand amidst the supply during the month. The Bank of Jamaica sold US\$60 Million during the month, selling US\$ 20 Million each during 3 flash sales. The Bank advised that these interventions were due to imbalances in the demand and supply of the US Dollar. At the end of trading on Tuesday, April 30, 2019, the USD was valued at JMD\$134.96 representing an approximately \$8.49 or 6.27% depreciation of the Jamaican dollar (JMD) for the month. The JMD also depreciated against the Canadian dollar and the Great Britain pound.

Currency	Mar-19	Apr-19	Change M-O-M	Change YTD
USD	\$126.47	\$134.96	6.72%	5.03%
CAD	\$95.89	\$100.46	4.77%	8.42%
GBP	\$165.53	\$172.76	4.37%	9.97%

Net International Reserves as at April 2019 stood at USD\$3,019.08 million, an approximate 2.13% lower than the stock of reserves at the end of March 2019.

Financial Sector Developments

Banking

Overall, local and foreign currency weighted average loan rates continue to show downward trends. Average domestic loan rates as at January 2019 across commercial banks stood at 13.32% as against 13.46% in December 2018. Foreign currency loan rates averaged 7.67% as at February 2019, slightly below the average of 7.68% recorded in January 2019. Private sector credit is expected to expand as lending rates at commercial banks continue to fall. Of note, the increasing pace of expansion in private

sector credit should stimulate increased economic activity.

Stock Market

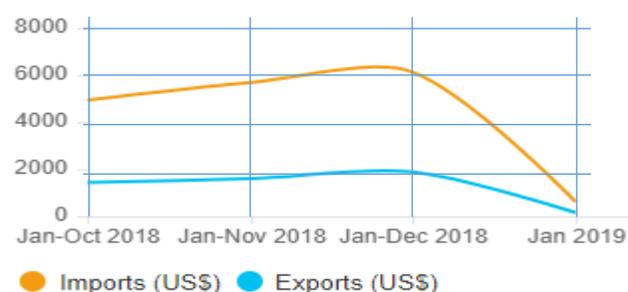
At the close of trading Tuesday, April 30, 2019, more stocks were featured among the list of losers, bringing the advance to decline ratio to 15:19 over the month. The JSE Main market index grew by 3.51% month over month, adding to prior gains of 3.53% and 0.31% increases in February and March respectively. The number of transactions for April 2019 decreased however to 4,616 from 5,678 recorded in March 2019. This led to a significant decrease in the value of transactions from J\$6.21 Billion in March to just over J\$2.05 Billion in April. The top three stocks advancing included Caribbean Cement Company (+37.72%), Sagicor Group Jamaica (+15.89%) and Sterling Investments Limited (+12.11%). Meanwhile, the top three declining stocks included Palace Amusement Company Limited (-10.34%), Ciboney Group (-7.69%) and Barita Investments Limited (-7.67%).

Month	Transactions	Volume	Value	Index Change
February	6041	180,974,247	\$7,181,392,786.92	3.53%
March	5678	290,725,900	\$6,206,323,394.33	0.31%
April	4616	96,753,812	\$2,058,538,951.30	3.51%

International Trade Developments

Data released from STATIN shows a trade deficit for Jamaica as at January 2019. Imports in the island are estimated to be valued at US\$ 603.3 million, vastly larger than exports of US\$ 152.98 million.

International Merchandise Trade



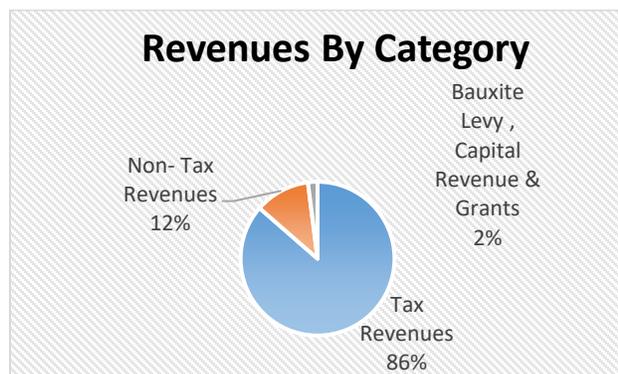
In 2018, Jamaican exports grew by nearly 38%, a pace that was nearly four times faster than the rise in imports. The increases in exports was as a result of improvements of 74.6% in the Mining and Quarrying export category, reflecting higher volumes of alumina and bauxite. On the other hand, imports in 2018 grew nearly 11% to US\$6.12 billion, according to trade data from STATIN. The result was an adverse trade gap of US\$4.25 billion for the island.

Fiscal Policy & Public Debt

Government Revenues & Grants

For fiscal year 2018/2019, the GOJ reported Total Revenues & Grants of \$628.99 billion, \$1.43 billion more than the Government’s budget. This represents an increase of approximately 12.2% year over year, relative to the \$560.84 billion recorded for the corresponding period in 2018.

Tax Revenue and Capital Revenue underperformed projections during the review period, while Non-Tax Revenue, Bauxite Levy and Grants outperformed projections. Tax Revenue amounted to \$542.92 billion, \$1.63 billion less than budgeted and Capital Revenue totaled \$2.53 billion, \$874.4 million less than budgeted. Whereas, Non-Tax Revenue was recorded at \$72.85 billion which was \$1.62 billion or 2.3% more than budgeted. In addition, Bauxite Levy totaled \$136.5 million, \$10.5 million or 8.3% more than budgeted. Grants of \$10.55 billion was reported; \$2.30 billion more than budgeted.

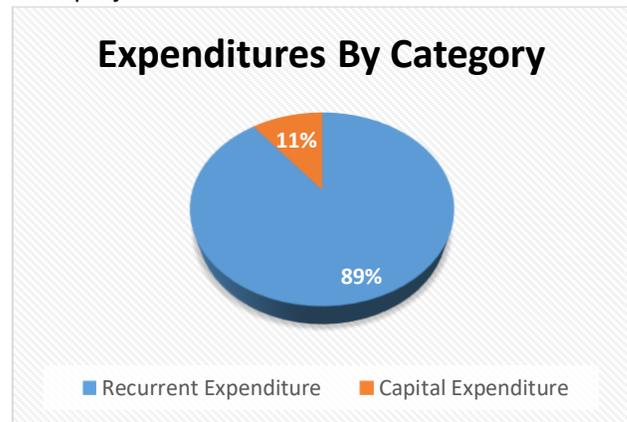


Government Expenditures

Expenditures for the same period, April 2018 to March 2019 amounted to \$604.60 billion, \$13.33

billion or 2.2% less than the budgeted \$617.93 billion. Recurrent expenditure which totaled \$538.39 billion, accounted for 89.05% of overall expenditures.

Relative to projections, recurrent expenditure was \$10.73 billion (2%) less than budgeted. Programmes which amounted to \$209.08 billion were \$3.72 billion or 1.7% less than projected, while Employee Contribution which amounted to \$16.62 billion for the period was under budget by 2.7% relative to the budgeted \$17.08 billion. Compensation of Employees amounted to \$200.13 billion, which was in line with the amount projected. While, Wages & Salaries amounted to \$183.51 billion, 0.2% more than projected.



Concluding Remarks

The Jamaican economy continues to show signs of economic progress with projections for economic output remaining positive. Marginal growth, coupled with an increased labour force and record low unemployment speak to the effective enabling environment being created for businesses to grow and expand.

While crime and violence, foreign exchange volatility and the trade deficit gives room for serious concern, Jamaica is proving its capability to overcome impediments to growth, based on economic out-turns recorded over the last several years. Increased business and consumer confidence, low inflation and reduced debt will allow for the nation’s investment climate to steadily improve over time.

INTERNAL HIGHLIGHTS

Green Climate Fund (GCF) – Caribbean Private Sector Workshop

The Private Sector Organisation of Jamaica (PSOJ) supported the Green Climate Fund (GCF)-Caribbean Private Sector Workshop held in Montego Bay, Jamaica. The regional workshop was organised by the Ministry Economic Growth and Job Creation in association with the PSOJ and the GCF.

Each CARICOM member state was represented at the event that included discussions aimed at promoting funding, working strategies and partnerships that will mobilise the private sector to support low carbon and climate-resilient development in Jamaica and other CARICOM States.



Makeba Bennett-Easy, CEO of the PSOJ delivers an address during the Opening Ceremony for the GCF Caribbean Private Sector Workshop held in Montego Bay, St. James, on Tuesday, April 2.

Corporate Governance Training Workshop



Scenes from our recently held Corporate Governance training workshop held on April 24, at the Knutsford Court Hotel. Pictured here; attendees engrossed in the information being shared by a presenter at the event.

DIA and PSOJ signs MOU



DIA Jamaica is an initiative created by The Trust for the Americas, an affiliate of the organization of American States, to empower a new generation of young entrepreneurs and innovators, who will act as agents of change in their communities.

The Trust for the Americas and the PSOJ- signed an agreement to create a program that will support DIA Pitch Tank winners with guidance, career development and mentorship to be provided by members of the PSOJ.

MEMBER HIGHLIGHT



Some of the Texaco Jamaica team members who were in attendance at the church service



The entire Texaco Jamaica team accompanied by family members who were in attendance



A snapshot of the congregation



Another view of the congregation



Karen Cox of Texaco Jamaica presents the cheque for \$100,000



Derrick Thompson, President of the Texaco Dealer Network speaks at the church service



Reverend Paul DaCosta Pinto delivers his address



The Texaco brand is celebrating 100 years in Jamaica this year, under the theme Quality, Innovation, Excellence, Reliability and Service. To kick-start the celebrations, the company held a church service at the Webster Memorial United Church in Kingston on Sunday, February 10, where it donated \$100,000 to the church's Educational Assistance Programme, and a press launch at the Jamaica Pegasus Hotel on Tuesday, February 19.

Reverend Paul DaCosta Pinto, in a lively address to the congregation, delivered a sermon entitled Faith Prints, and urged the attendees to abandon the idea of self, status and strategy and put our faith in God.

Speaking at the launch, President of the JGRA, Gregory Chung, reminded the audience of popular Texaco slogans, such as "trust your car to the man with the star," and spoke of the brand's close relationship both with its staff and retailers.

Alphie Mullings-Aiken, President of Junior Achievement Jamaica referred to the company's commitment to the wider community, citing its role as a founding partner of Ja Biztown as one example.

New Energy, Science and Technology Minister, the Hon. Fayval Williams, thanked the company for its commitment to meeting the needs of a demanding clientele, and reiterated the petroleum industry's role as a significant contributor to growth and investment in Jamaica, and its tremendous prospects for the future.

CEO of the Texaco Jamaica, Mauricio Pulido, spoke of the company's investment in the quality of its fuel and the development of its additives, including the popular Techron, and its continued commitment to providing high quality service to its customers.



Alphie Mullings-Aiken, President of Junior Achievement Jamaica speaks



Representatives from the Ministry of Energy, Tourism, the JGRA and the Texaco hierarchy, view Texaco Brand Ambassador Kyle Gregg's Champion Radical



L-R: Mauricio Pulido, the Hon. Fayval Williams and the Hon. Edmund Bartlett share a moment



Mauricio Pulido and the Hon. Edmund Bartlett have a quick chat



The Hon. Fayval Williams speaks



A section of the audience at the launch



Gregory Chung, President of the Jamaica Gasolene Retailers Association speaks



The Private Sector Organisation of Jamaica is a national organization of private sector associations, companies and individuals working together to promote a competitive and productive private sector.

Established in 1976, the PSOJ represents the interest of the most diverse group of private sector entities and seeks to influence national policy issues of a political, social or economic nature in order to facilitate business development and growth.

The Officers and Executive Committee, under the guidance of the Council, lead this process by promoting discussions with the country's government and civil society. The organization is also in close contact with the major multi-lateral and bilateral agencies.



The Carlton Alexander Building

39 Hope Road,
Kingston 10,
Jamaica, W.I.

Telephone: (876) 927-6957-8, 978-6795-6, 978-6798

Fax: 927-5137

Email: psojinfo@psoj.org

Website: www.psoj.org/

Instagram: @thepsoj

Twitter: @thepsoj

YouTube: PSOJ Channel

Facebook: The Private Sector Organization of Jamaica