

MONTHLY ECONOMIC BULLETIN



CEO's Remarks

The Private Sector Organisation of Jamaica (PSOJ) is pleased to re-introduce our monthly Economic Bulletin. Thanks for your patience over the past few months as we worked to refresh the product, to ensure that our members are informed and empowered with knowledge of the fundamental economic variables.

While economic updates remain the core of our refreshed Economic Bulletin, through this publication you will also gain insight into the work being done by the PSOJ Secretariat and get to know a little bit more about the people who operate behind the scenes.

The bulletin will also see the return of advertising space for you, our members; to showcase your products, services or exciting new campaigns within the membership at affordable rates. Please contact our Marketing team at marketing@psoj.org or 876-923-6790 for more information!

Generally, this report highlights the continued positive trajectory of the macro-economic indicators. With growth projected within the range of 1.0% – 2.0% for FY 2019/20, our findings indicate that most business owners are encouraged by the stability and will make business decisions accordingly. The PSOJ is heartened by the presentation of a pragmatic and business friendly budget for the financial year 2019/20 by Dr. Hon. Nigel Clarke. His presentation coupled with the economic stability has initiated a resurgence of confidence within the business and investment sectors and signifies a new and optimistic future for the country's fiscal management.

Notwithstanding the economic stability, we are concerned about the volatility in the movement of the exchange rate and have had discussions with the Minister to formally express these concerns and to encourage the creation of a framework that allows businesses to adjust to this new environment through the availability of hedging instruments, training and the availability of real time information.

We hope you enjoy reading the refreshed bulletin, please share your feedback with us!

Cheers,
Makeba Bennett-Easy
CEO

MARCH 2019

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Real GDP for Latin America and the Caribbean in 2019 is projected to grow at

Macroeconomic Overview

The Jamaican economy continued to show signs of recovery and projections for economic output remained positive. The Planning Institute of Jamaica (PIOJ) estimated a growth of 1.7% in real gross domestic product (GDP) growth for the December 2018 quarter relative to the corresponding quarter in 2017. This is coupled with the projected 1.8% growth recorded in the September 2018 quarter. Of note, the annual GDP growth recorded for the country was 2%.

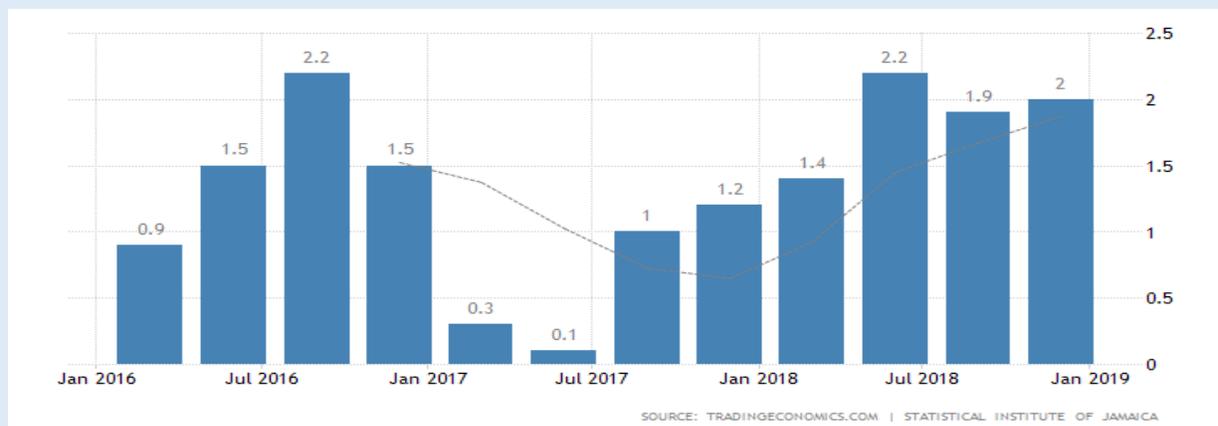
The growth in real GDP reflected increased external demand from Jamaica's main trading partners, which supported increased exports of some goods and services. Improvements were also estimated in stopover visitor arrivals, capacity utilization in Mining & Quarrying, major infrastructure developments, residential and commercial buildings as well as the intensifying of road construction and rehabilitation activities. All improvements were underlined by favourable weather conditions and increased output for all domestic crop groups in the Agriculture, Forestry & Fishing industries.

Overall, Jamaica's macroeconomic indicators continued to reflect stability. Moreover, the outlook for financial year 2019/20 is positive, with projected growth within the range of 1.0–2.0%. The main drivers of growth are expected to be 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%	Dec-18	1.90%	Quarterly
Unemployment Rate (%)	8.70%	Dec-18	9.70%	Quarterly
Inflation Rate (%)	2.40%	Mar-19	2.30%	Monthly
Policy Rate (%)	1.25	Mar-19	1.50%	Daily
Exports	US\$ 1.879 Billion	Dec-18	US\$ 1.36 Billion	Quarterly
Imports	US\$ 6.126 Billion	Dec-18	US\$ 5.53 Billion	Quarterly
Fiscal Surplus	US \$19.19 Billion	Dec-18		Quarterly
NIR	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

Jamaica's GDP Growth Rate



Regional and Global Developments

IMF Cuts Global Growth Outlook

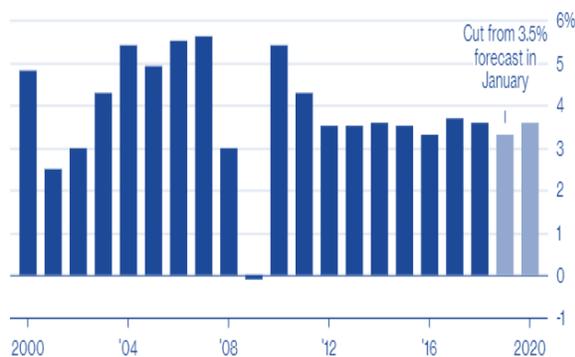
The International Monetary Fund (IMF) has cut its projections for growth globally to the lowest since the financial crisis. The IMF has attributed the cut to signs that higher tariffs will weigh heavily on trade in most major countries.

The world economy is projected to grow 3.3% this year, down from the 3.5% that the IMF had forecast for 2019 in January. In its latest World Economic Outlook publication, the IMF explained that the 2019 growth rate would be the weakest since 2009, when the world economy shrank. Of note, this is the third time in six months that the IMF has downgraded its outlook.

Lowest Since the Financial Crisis

The IMF cut its outlook for 2019 global growth to 3.3 percent

■ Annual GDP (YoY) ■ Forecast



Source: International Monetary Fund

Brexit - Britain Receives 6 Months Extension

The European Union (EU) has granted the United Kingdom (UK) a six-month extension to devise a deal to leave the EU following talks in Brussels.

The new deadline of October 31, 2019 reduces the prospects of the UK crashing out of the EU without a deal as members of parliament in the UK are still deadlocked over a deal. British Prime Minister Theresa May, who had wanted a shorter delay, said the UK would still aim to leave the EU as soon as possible.

The UK must now hold European elections in May or leave the EU on June 1, 2019 without a deal.

International Commodity Prices Tracker

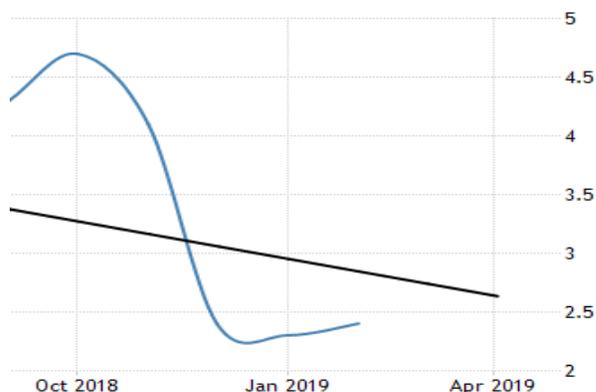
Commodity	Unit	Price	Change M-O-M
Natural Gas	MMBTU	\$2.59	-11.59%
Crude Brent	Barrel	\$71.12	8.20%
Crude WTI	Barrel	\$63.40	6.66%
Sugar	Kilogram	\$12.66	3.57%
Aluminum	Metric Tonne	\$2,225.00	0.50%

Monetary Policy Developments

Inflation Rate

2.4 %

The annual inflation in Jamaica edged up to 2.4% in February 2019 from 2.3% in the previous month. Price increases were evidenced for food, alcoholic beverages and health. On the contrary, overall prices declined in transport, housing and utilities sectors.



SOURCE: TRADINGECONOMICS.COM | STATISTICAL INSTITUTE OF JAMAICA

Bank of Jamaica's Policy Rate

1.25 %

The Bank of Jamaica announced its decision to lower the policy interest rate by 25 basis points to 1.25%. This decision is in keeping with the Bank's forecast that inflation, which is currently below the target of 4.0 - 6.0% should increase over the short term.

Foreign Exchange Market Developments

JMD: USD

\$126.47

The foreign exchange (FX) market continued to trade with strong demand amidst the supply during the month. There was no FX intervention from the Bank of Jamaica to sell or buy United States dollars (USD) during the month. At the end of trading on Friday, March 29, 2019, the USD was valued at JMD\$126.47 representing an approximately \$1.94 or 1.51% appreciation of the Jamaican dollar (JMD) for the month. The JMD also strengthened against the Canadian dollar and the Great Britain pound.

Currency	Feb-19	Mar-19	Change M-O-M	Change YTD
USD	\$128.41	\$126.47	1.51%	-1.58%
CAD	\$96.15	\$95.89	0.28%	3.48%
GBP	\$170.56	\$165.53	2.95%	5.43%

Net International Reserves as at March 2019 stood at USD\$3,084.83 million, an approximate 1.68% higher than the stock of reserves at the end of February 2019.

Financial Sector Developments

Banking

Private sector credit is estimated to be increasing at a slower pace even as lending rates at commercial banks continue to fall. Estimated credit disbursed by deposit-taking institutions to businesses and households grew by 13.2% over the 12 months to December 2018 relative to the 16.2% increase over the 12 months to September 2018.

The Bank of Jamaica has reported that increasing the pace of expansion in private sector credit will allow for increased economic activity by businesses and households across the island. More economic activity by the private sector will therefore support the overall inflation target at a quicker rate.

Stock Market

At the close of trading March 29, 2019, more stocks were featured among the list of losers, bringing the advance to decline ratio to 15:19 over the month.

There was significant improvement in trading activity which helped to lift the JSE stock market index during the period. Though the number of transactions decreased, the volume traded significantly increased by 60.64% to over 290 million shares valued at \$6.21 billion. The top three stocks advancing included Supreme Ventures Limited (+35.9%), Kingston Properties Limited (+16.6%) and Proven Investments Limited (+14.29%). Meanwhile, the top three declining stocks included 138 Student Living (-30.51%), Ciboney Group (-18.75%) and Barita Investments Limited (-15.22%).

Month	Transactions	Volume	Value	Index Change
January	6350	69,856,478	\$1,913,728,548.84	-1.55%
February	6041	180,974,247	\$7,181,392,786.92	3.53%
March	5678	290,725,900	\$6,206,323,394.33	0.31%

International Trade Developments

Jamaica recorded a trade deficit in the fourth quarter of 2018. Imports as at December 2018 were valued at USD\$ 6.126 billion while exports were valued at USD\$ 1.879 billion. Annual increases in exports were recorded in industries such as Crude Materials, Mineral Fuels and Chemicals. Jamaica continues to see increases in Imports in Food, Mineral Fuels, and Manufactured Goods.

International Merchandise Trade



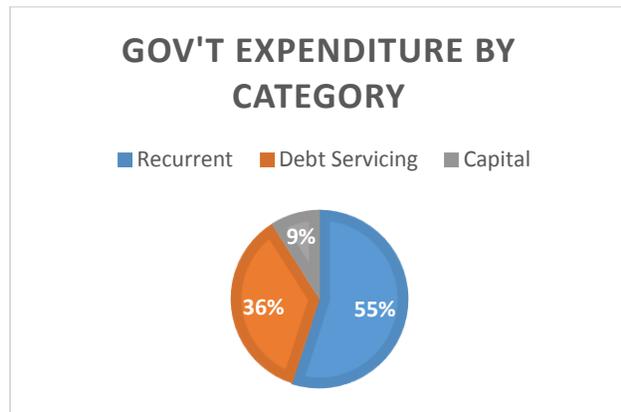
Fiscal Policy & Public Debt

Budget 2019/2020

For the 2019/20 fiscal year, the Government has presented a budget of \$803 billion, with the largest portion being allocated to recurrent (housekeeping) expenses and \$72 billion for Capital (development) projects.

Details of the projections was outlined in the Estimates of Expenditure, which was tabled in the House of Representatives. The Ministry of Finance and the Public Service has been allocated the largest sum, with \$385.6 billion for recurrent expenses and \$5.7 billion for Capital expenditure. A large portion of the sum will go towards meeting Jamaica's debt obligations.

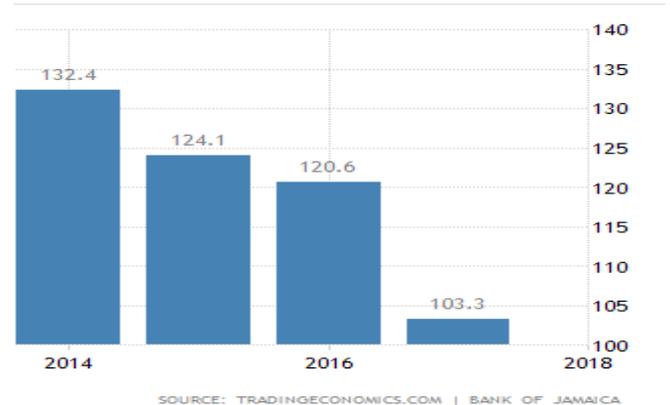
Several other ministries have received large budgets for the financial year. 55% of the overall estimated expenditure will be allocated to recurrent expenditure, with debt servicing and capital expenditure capturing the difference.



Debt to GDP Ratio

Jamaica recorded a government debt equivalent to 103.30% of the country's GDP in 2017. Government debt to GDP in Jamaica averaged 126.57% from 1980 until 2017, reaching an all-time high of 212.40% in 1984 and a record low of 70.50% in 1996. Debt to GDP is estimated to fall below 100% by the end of financial year 2019/20.

Jamaica's Debt to GDP Ratio



Concluding Remarks

Jamaica's macroeconomic indicators seem to reflect increasing stability. Foreign reserves are above the level deemed adequate and business and consumer confidence have increased. Market interest rates are at historic lows and fiscal performance continues to be strong.

Jamaica's annual growth performance is the highest annual growth rate recorded for the island in 12 years and is testimony to the efforts of the Government in establishing an enabling business environment to achieve more robust and inclusive growth. The private sector continues to play an integral part in the Government's growth agenda by leading the charge. For the near term, projections for the economy continue to remain positive. The outlook for financial year 2019/20 is also positive, with projected growth within the range of 1.0– 2.0% being facilitated by the main drivers in Mining & Quarrying, Construction, Agriculture and Hotels & Restaurants Industries.

INTERNAL HIGHLIGHTS

PSOJ Women's Day 2019 celebration



Balance for better Women's day photoshoot with the ladies of the PSOJ followed by a vision boarding exercise.

<https://youtu.be/HhvQo1va4YM> [click for more]

PSOJ's Mentoring Emerging Entrepreneur & Leaders (MEELS) Dinner



We hosted the second staging of our 2019 *Mentorship Dinner series* on March 26, 2019 with our guest mentor *Mrs. Jean Lowrie-Chin*. We had 11 Mentees in attendance along with our Membership Committee Chairperson and two (2) representatives from Scotia Bank.

PSOJ's President's Breakfast Forum



On Thursday March 28, 2019, we hosted our second President's Breakfast Forum for the year. The forum consisted of a panel discussion with members of the legal and political fraternity under the theme "Election Campaign Financing – Responsibilities and implications for contributors". The event was held at the Spanish Court Hotel, Worthington; guest speaker was the *Honourable Dorothy Pine-McLarty - Chairman, Electoral Commission of Jamaica*.

Corporate Image: Member Engagement

Four (4) member engagement activities were hosted in the month of March – Onboarding Session (for new PSOJ members), PSOJ Business Bites Series, MEELS Dinner (i.e. Mentoring Emerging Entrepreneurs & Leaders) and our Presidents Forum.



<http://www.loopjamaica.com/search/node?keys=business+bites> [click for more]

MEMBER HIGHLIGHT



As early as the 1970's, Appliance Traders Limited (ATL) believed in the vast possibility of decreasing Jamaica's expenditure on energy costs by transitioning to renewable sources. Headed by Engineer Mark Blair, our ATL Energy Solutions Division guides our residential and business customers on 'green' implementation to help reduce consumption patterns.

Among ATL Energy Solutions' most notable projects are the installation of photovoltaic (PV) solar systems at Louis Industrial Garage, the Vistas at Runaway Bay, Sandals Resorts, Jencare Skin Farm, Meadowbrook High School, AC Marriott Hotel, Lifespan Spring Water Bottling Plant and Renfrew (R Hotel). Boasting an energy-efficient product line up which includes solar water heaters, photovoltaic panels (PV) and other devices for renewable energy, Mark is keen on providing innovative, turnkey solutions for ATL's customers. His team of engineers, project managers and technicians also provide detailed energy audits as well as technical assessments to design and implement scalable energy-saving solutions for commercial operations. Among ATL Energy Solutions' most notable projects are the installation of photovoltaic (PV) solar systems at Louis Industrial Garage, the Vistas at Runaway Bay, Sandals Resorts, Jencare Skin Farm, Meadowbrook High School, AC Marriott Hotel, Lifespan Spring Water Bottling Plant and Renfrew (R Hotel).



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.

