

MONTHLY ECONOMIC BULLETIN



CEO's Remarks

This month saw the launch of the **PSOJ Gender & Disabilities Affairs Committee** in association with the United Nations Win-Win: Gender Equality Means Good Business

Programme. A partnership among UN Women, the European Union and the International Labour Organization who joined forces with the objective: ***Progress Towards an Inclusive Jamaican Workforce***. Several female CEO's lent their support to activate this push for enhancing gender equality and improving the status of women.

Attendees were introduced to the Women's Empowerment Principles - WEP and 31 companies so far have pledged their support by signing the mandate - which expresses support for advancing equality between men and women to bring the broadest pool of talent to corporations. July's bulletin captures noteworthy developments from our local landscape with positive outputs for employment, with male and female employment levels seeing significant increases.

The country's other major macroeconomic indicators seem to reflect increasing and entrenched stability with inflation within the targeted range, foreign reserves deemed adequate and the country's government showing strong fiscal performance.

On a regional and international scale, we highlight the IMF's sluggish growth projections for the Caribbean and vows by the United States to deepen relations with Caribbean countries.

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

Makeba Bennett-Easy
CEO

JULY 2019

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Stories to watch

[Demystifying CARICOM](#)

[Climate science and the Caribbean voice](#)

[Pound slumps as Boris Johnson's Brexit rhetoric toughens](#)

[Caribbean countries warned rainfall 'deficit' still possible despite wet season](#)

Macroeconomic Overview

Prospects for the Jamaican economy continue to remain positive, with economic growth and employment rising. Forecasts for output across the major industries within the goods-producing and services industries remain positive and the island is expected to have a strong end to its \$1.6-billion Precautionary Stand-By Arrangement (PSBA) with the International Monetary Fund (IMF) at the end of November. Noteworthy steps are currently being undertaken by the government to ensure that the gains recorded under the arrangement are preserved. These include the steps to establish an independent Fiscal Council and capacity strengthening of the Ministry of Finance.

More recently, in its latest Labour Force Survey released in July 2019, the Statistical Institute of Jamaica (STATIN) announced that the island's unemployment had fallen to a record low of 7.8%. The release further highlighted the increase in the labour force by 29,900 persons, with significant increases being seen in males employed in the Construction Industry and (+18,200) females being employed in both the "Hotels & Restaurant Services" category as well as in "Real Estate, Renting & Business Activities".

Overall, Jamaica's macroeconomic indicators seem to reflect increasing and entrenched stability with inflation within the targeted range, adequate levels of reserves and increased projections for output levels.

Key Macroeconomic Indicators

Indicators	Last	Reference	Previous	Frequency
Quarterly GDP Growth Rate (%)	1.70%	May-19	1.50%	Quarterly
GDP Annual Growth Rate (%)	2.00%	Dec-18	1.90%	Annual
Unemployment Rate (%)	7.80%	Jul-19	8.00%	Quarterly
Inflation Rate (%)	4.20%	May-19	4.79%	Monthly
Policy Rate (%)	0.75%	Jun-19	0.75%	Quarterly
Imports	US\$1.97 Billion	Apr-19	US\$1.66 Billion	Monthly
Exports	US\$570.9 Million	Apr-19	US\$450.2 Million	Monthly
Fiscal Surplus	(US\$6.02 Billion)	Jun-19	(US\$6.02 Billion)	Monthly
Net International Reserves	2.951 Billion	Jun-19	3.035 Billion	Monthly
Corporate Tax Rate (%)	25%	May-19	25%	Yearly
Personal Credit Loan Rate	25%	May-19	25%	Yearly
Average Commercial Credit Loan Rate	10.96%	Apr-19	10.68%	Monthly

Jamaica's Quarterly Growth Rate



Regional & Global Developments

Economic Growth in the region remains sluggish

According to the IMF, economic activity remains sluggish in Latin America and the Caribbean. Moreover, despite positive economic performances, Caribbean countries' growth rates vary significantly. Generally, growth in the region continues to be hampered by high public debt, poor access to finance, high unemployment and risks associated with commodities and climate related shocks. In addition, countries continue to deal with the dilemma of implementing policies that support economic growth while rebuilding buffers.

In 2019, real gross domestic product for Latin America and the Caribbean is expected to grow by 0.6% before rising to 2.3% in 2020. This weak projection primarily reflects negative shocks in the first half of 2019, elevated domestic macroeconomic uncertainties in some large economies, heightened United States-China trade tensions as well as a reduced global growth. Nonetheless, against the background of strong United States growth, a favourable tourism market and continued reconstruction from the 2017 hurricanes, tourism-dependent countries are expected to experience growth of 2% in 2019/2020.

Many countries in the region continue to deal with the contractionary impact of fiscal consolidation on growth given their high public debt levels. However, IMF underscores that raising revenue and cutting expenditure while protecting public investments and managing well-targeted social expenditures can help to mitigate the impact on growth. Furthermore, monetary policy, structural reforms and monitoring leverage are needed to boost growth and maintain financial stability.

US commits to strengthen relations with Caribbean

The United States has announced that it is pursuing projects to deepen its relations with the Caribbean as it relates to the areas of security, diplomacy, prosperity, education, energy and health. Other initiatives include boosting private sector investments, increasing Fulbright scholarships and educational exchanges, prevention of youth crime

and violence and providing access to HIV therapies. The US State Department also launched the US-Caribbean Resilience Partnership in April 2019, in an effort to build regional capacity to deal with natural disasters, building strong communities and improve disaster response.

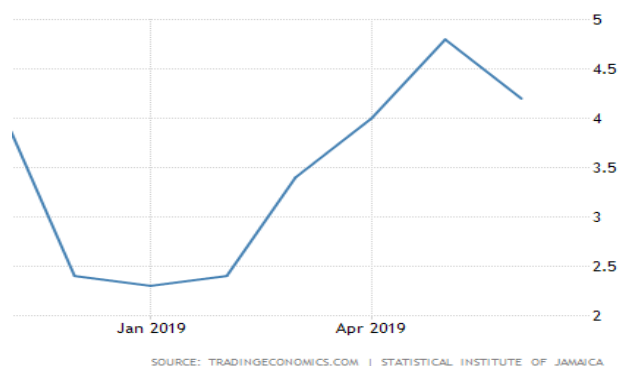
Monetary Policy Developments

Inflation Rate

4.2%

Last reported: June 2019

STATIN has indicated that the monthly inflation rate as measured by the change in the Consumer Price Index (CPI) stood at -0.1% for June 2019. This reversed increases of 0.1% and 0.8% in April and May respectively. Similarly, annual inflation at June 2019 reported by the Statistical Institute of Jamaica was 4.20%, down from 4.79% at April 2019.



Bank of Jamaica's Policy Rate

0.75 %

Last reported: June 2019

Bank of Jamaica (BOJ), since June 2019, has left the policy rate unchanged at 0.75%. This decision is in keeping with BOJ's assessment that monetary conditions as is, are appropriate and conducive to supporting the achievement of the inflation target of 4% to 6% over the medium term. The next decision on the policy rate is due on August 27, 2019.

Foreign Exchange Market Developments

JMD: USD

\$136.63

As at 31 July 2019

The foreign exchange (FX) market continues to reflect increased demand from both brokers and end users. BOJ had no interventions in the market during the month. At the end of trading on Wednesday, July 31, 2019, the USD was valued at JMD\$136.063 representing approximately \$1.76 or 4.25% appreciation for the month. The JMD however depreciated against the Canadian dollar but strengthened against the Great Britain pound.

Currency	Jun-19	Jul-19	Change M-O-M	Change YTD
USD	\$131.06	\$136.63	4.25%	6.33%
CAD	\$101.86	\$103.91	2.01%	12.14%
GBP	\$168.08	\$167.73	-0.21%	6.77%

Net International Reserves as at July 2019 stood at USD\$2.951 billion, approximately 2.73% lower than the stock of reserves at the end of June 2019.

Financial Sector Developments

Banking

Global Economic expert David Marston, has expressed the need for local banks to start lending to a wider group of people in order for Jamaica's economy to grow faster. Marston is a 20-year veteran of the International Monetary Fund and was selected as Chairman of Jamaica's Financial Deepening Committee which is an interagency group including the BOJ, the Development Bank of Jamaica, the Jamaica Stock Exchange and the Financial Services Commission aiming to advance Jamaica's Financial Deepening Agenda.

BOJ has been tasked with leading the development and implementation of a financial deepening agenda in order to maximize the

opportunities created by the high Jamaican dollar liquidity conditions as the Government of Jamaica (GOJ) continues to pay down its debts. Marston however believes that Jamaica has quite a long way to go to achieve financial inclusion – the goal of having most Jamaicans participating in and benefiting from the formal financial system. Mr. Marston posits that most Jamaicans may have bank accounts, but only a small percentage benefit from access to credit.

Stock Market

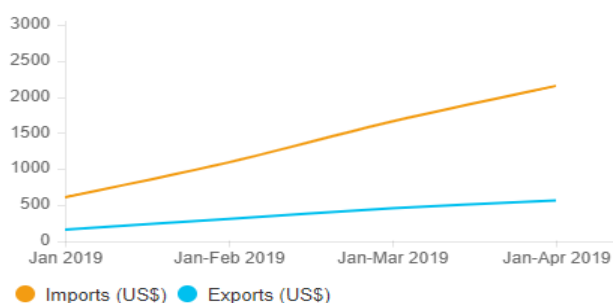
At the close of trading Wednesday, July 31, 2019, an increased number of stocks were featured among the list of winners, bringing the advance to decline ratio to 26:09 over the month. The JSE Main market index grew by 11.54% month over month, adding to prior gains of 7.71% and 8.08% increases in May and June respectively. The number of transactions for July 2019 increased to 14,019, higher than 11,531 in June 2019. This led to a slight increase in the value of transactions from JMD\$13.01 Billion in June to just over JMD\$13.45 Billion in July, the second consecutive month that the value has surpassed JMD\$10 Billion. The top three stocks advancing included Barita Investments (+101.99%), Victoria Mutual Investments (+72.57%) and Ciboney Group (+71.43%). Meanwhile, the top three declining stocks included Kingston Properties Limited (-5.33%), Portland JSX Limited (-5.05%) and Wigton Windfarm (-4.55%).

Month	Transactions	Volume	Value	Index Change
May	10,195	1,598,513,649	\$8,275,742,328.89	7.71%
June	11,531	1,122,722,590	\$13,017,931,077.10	8.08%
July	14,019	1,055,044,633	\$13,453,261,495.11	11.54%

International Trade Developments

The latest computed data released from STATIN shows a steady increase in the trade deficit for Jamaica as at April 2019. Imports in the island are estimated to be valued at US\$ 1.97 billion, vastly larger than exports of US\$ 570.9 million.

International Merchandise Trade



Mineral Fuels (26.82%), Machinery and Transport Equipment (22.87%) and Food (15.62%) accounted for majority of imports over the period. Crude Materials (e.g. Fuel) (58.36%), Mineral Fuels (17.31%) and Food (12.48%) constitute most of the country's exports.

Fiscal Policy & Public Debt

Amendments to Pensions Investment Regulations

Minister of Finance and the Public Service, Nigel Clarke recently tabled amendments to pension's investment regulations in Parliament. The amendments will widen the range of assets in which pension plans can invest as well as strengthening the regulatory framework with regard to protecting pension plan assets. Minister Clarke underscored that the amendments will provide higher return opportunities for pension funds while improving access to finance and capital markets deepening by allowing investments in the following among other assets:

Bonds (Unsecured Debt)	• issued by companies that have an investment grade rating from a recognised rating agency
Bonds (Secured Debt)	• issued by companies listed on the Jamaica Stock Exchange
Equity or debt of private companies	• established under the laws of Jamaica, provided that in aggregate these amounts do not exceed a maximum of 5% of the assets of the pension fund

Government Revenues & Expenses

For the period April to June 2019, GOJ operations recorded a fiscal surplus of \$12.8 billion and a primary surplus of \$37.9 billion. This outturn reflected increases of 76.9% and 6.9% respectively when compared to the budget for fiscal period April to June 2019.

	Prov	Budget		(%)
FY 2019/2020	Apr-June	Apr-June	Variance	Variance
Revenue (billions)	153.9	151.0	2.9	1.9
Tax Revenue	137.4	134.1	3.3	2.5
Non-tax Revenue	14.4	14.1	0.3	2.4
Bauxite Levy	-	-	-	-
Capital Revenue	0.8	1.0	-0.2	-22.3
Grants	1.2	1.7	-0.5	-29.5
Expenditure	141.0	143.7	-2.7	-1.9
Recurrent Expenditure	126.0	128.8	-2.9	-2.2
Capital Expenditure	15.1	14.9	0.2	1.2
Fiscal Balance	12.8	7.2	5.6	76.9
Primary Balance	37.9	35.5	2.5	6.9

Total Revenues amounted to \$153.9 billion and outperformed projections by \$2.9 billion for the April to June period. In particular, Tax Revenue and Non-tax Revenue amounted \$to 137.4 Billion and 14.4 Billion respectively, which were greater than the amounts projected by 2.5% and 2.4%. Whereas, Capital Revenue and Grants underperformed projections by 22.3% and 29.5% respectively.

Expenditures for the same period amounted to \$141.0 billion, which is \$2.7 billion less than the budgeted amount. Relative to projections, recurrent expenditure was \$2.9 billion less than the budgeted amount of \$128.8 billion while capital expenditure was \$0.2 billion greater than the budgeted amounts of \$14.9 billion.

Concluding Remarks

Prospects for the Jamaican economy remain positive as economic growth and employment rises. Forecasts for major industries within the goods and services industries remain strong with unemployment recently announced at a record low. Though the latest release of the country's poverty rate measured as at 2017 increased by 2.2% compared with 2016, the country's other major macroeconomic indicators seem to reflect increasing and entrenched stability.

INTERNAL HIGHLIGHTS

This month the Secretariat took a few moments to smile in preparation for the upcoming PSOJ 2018 Annual Report. Meet our team!



Administrative Department

From LEFT: **Ovril Ebanks**, Executive Assistant; **Terri Anderson**, Administrative Assistant, **Makeba Bennett-Easy**: Chief Executive Officer.



Human Resources Department

From LEFT: **Cheryl Neil Barnes**, Human Resources Manager; **Winsome Millen**, Office Attendant.



Finance and Operations Department

From LEFT: **James Sterling**, Caretaker; **Miki Coleman**, Junior Accounting Officer; **Tracy LaCroix**, Senior Manager Finance and Operations; **Debra Hitchens**, Special Projects Officer; **Maurice Murray**, Accounting Intern.



PR & Marketing Department

From LEFT: **Andre Heslop**, Marketing Coordinator; **Rochelle Mitchell**, Public Relations and Digital Content Officer; **Choleen Daley-Muschett**, Marketing and Public Relations Manager; **Kimecha Leonard**, Marketing and Events Coordinator.



The PSOJ Secretariat





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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.

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