



## CEO's Remarks

The month of September was buzzing with activities. On September 2 the selection and announcement of the 2019 PSOJ Hall of Fame inductee was made and Mrs. Thalia Lyn, OD, JP emerged victorious as the 2nd female overall to be inducted to the Private Sector Hall of Fame. Our 31st Annual General meeting was held at the Knutsford Court Hotel on September 25. Electronic voting was introduced and was well received. A new President was elected at the AGM, Mr. Keith Duncan. He will be supported by Vice Presidents Mariame Mcintosh Robinson, Jeffrey Hall and Jacqueline Sharp; these persons were voted-in at our Council meeting held on September 25. A member mingle was staged in association with the British High Commission and potential members Virgin Atlantic; on the Wind Rush Lawns of the British High Commission Residence, over 100 guests were in attendance.

This monthly bulletin captures overall economic developments across the local, regional and international spheres. Locally, the country continues to see positive results in macroeconomic indicators with STATIN reporting 1.3% growth for the second quarter of 2019 when compared to the similar period of 2018. The island's Goods Producing, and Services Industries continue to see steady increases in output as the year progresses.

The bulletin also highlights the potential risk that may be posed from the collapse of British travel giant Thomas Cook in September. With mixed views being discussed about its possible impact on the island, the PSOJ remains concerned for local tourism and linkages businesses which may see some effects from the collapse over the coming weeks. We are however confident in the resilience of our Tourism sector and remain optimistic about Jamaica's chances of quick recovery.

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

Makeba Bennett-Easy  
- CEO

## SEPTEMBER 2019

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### Stories to watch

#### [EPOC Bemoans Continued Lack of Economic Growth](#)

Jamaica has hit the macroeconomic targets it set out to achieve, but the expected rise in the levels of growth, which was a key objective of the ref...

#### [Johnson's New BREXIT Plan Falls Flat on EU](#)

Prime Minister of the United Kingdom, UK, Boris Johnson sought in early October to build a coalition at home to back his new Brexit approach even ...

#### [US Economy Grew at Modest 2% Pace in Second Quarter](#)

The United States economy grew at a modest two per cent annual rate in the second quarter, a pace sharply lower than the three percent plus growth ra...

## Macroeconomic Overview

At the end of the second quarter, September 2019, the Jamaican economy is estimated to have grown by 1.3% when compared with the similar quarter of 2018. The Statistical Institute of Jamaica (STATIN), has reported improved performances in both the Goods Producing and Services Industries as the driving contributions to the quarterly growth.

Though areas such as Agriculture, Construction & Fishing declined over the period, growth in the Goods Producing Sector was estimated at 0.6% and was mainly attributable to higher levels of production in Manufacturing (+3.3%) and Mining and Quarrying ( +4.6%). Likewise, with the exception of the category Electricity and Water Supply, there were improved performances in the Services Industries. For the period, growth was recorded in the categories of Wholesale & Retail (1.0%), Hotels & Restaurants (5.8%), Finance & Insurance Services (4.4%) and Other Services (1.8%). Overall, the Jamaican economy continues to produce good results as evidenced by the macroeconomic indicators.

### Key Macroeconomic Indicators

Indicators	Last	Reference	Previous	Frequency
Quarterly GDP Growth Rate (%)	1.30%	Sep-19	1.80%	Quarterly
GDP Annual Growth Rate (%)	2.00%	Dec-18	1.90%	Annual
Unemployment Rate (%)	7.80%	Jul-19	8.00%	Quarterly
Inflation Rate (%)	4.09%	Aug-19	4.30%	Monthly
Policy Rate (%)	0.50%	Sep-19	0.50%	Quarterly
Imports	US\$3.28 Billion	Jun-19	US\$2.77 Billion	Monthly
Exports	US\$883.4 Million	Jun-19	US\$751.3Million	Monthly
Fiscal Surplus	(\$2.2 Billion)	Aug-19	7.3 Billion	Monthly
Net International Reserves	US\$2.936 Billion	Aug-19	US\$2.951 Billion	Monthly
Corporate Tax Rate (%)	25%	May-19	25%	Yearly
Personal Credit Loan Rate	25%	May-19	25%	Yearly
Average Commercial Credit Loan Rate	10.52%	Jul-19	10.96%	Monthly

### Jamaica's Quarterly Growth Rate



## Regional & Global Developments

### Bahamas Deporting Migrants in Shelters

The government of Bahamas plans to deport undocumented migrants who are now living in shelters subsequent to the passage of Hurricane Dorian. Immigration Minister, Elsworth Johnson, says the shelters will not be used as a mechanism to bypass the law and undocumented migrants are still subject to deportation and the enforcement of the immigration laws. He also noted that the government of The Bahamas fully acknowledges the laws of the country and also asserts that the Immigration Act is in full effect.

The Category 5 storm, with winds in excess of 180 miles, caused extensive damage to mainly Grand Bahama and Abacos islands as well as racked up a death toll of at least 56 people. Given these devastating effects, the government-appointed coordinator of hurricane relief efforts in Abaco, Algernon Cargill, emphasized that individuals without the proper legal documentation should not return to Abacos Islands. This comes after the decision to suspend immigration policies or enforcement measures in the immediate aftermath of Hurricane Dorian in Abacos and Freeport, which he described as a humanitarian crisis. Abacos is home to a significant migrant population and, as one of the most impacted areas by Dorian, thousands of its residents were evacuated to shelters, many of whom are in shelters in New Providence.

### UK Travel Giant Thomas Cook Collapses

Approximately 600,000 travelers were left stranded across the world in late September after iconic 178-year-old British travel firm Thomas Cook collapsed into bankruptcy, immediately halting almost all its flights and hotel services and laying off its 22,000 employees in 16 countries. The bankruptcy followed an extensive period of financial turmoil amid fierce online competition. Britain's Civil Aviation Authority confirmed Thomas Cook, a company that helped create the package tour industry, had ceased trading and that the firm's four airlines will be grounded.

Thomas Cook's collapse will have far-reaching effects across the entire European and North African

tourism industry and elsewhere, as hotels fear the danger of not receiving payments as well as the doubts surrounding confirmed bookings for high-season winter resorts.

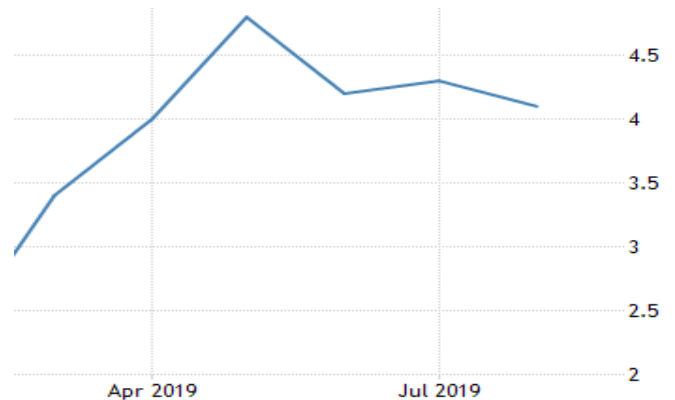
## Monetary Policy Developments

### Inflation Rate

**4.09%**

Last reported: August 2019

STATIN has indicated that the monthly inflation rate as measured by the change in the Consumer Price Index (CPI) stood at 0.8% for June 2019. This increase follows a decrease of -0.1% in June and an increase of 1.1% in July 2019. The monthly movement was mainly as a result of 0.9% increase in the index for the heavily weighted "Food and Non-Alcoholic Beverages" division. For the period under review, annual point to point inflation was 4.09%.



SOURCE: TRADINGECONOMICS.COM | STATISTICAL INSTITUTE OF JAMAICA

### Bank of Jamaica's Policy Rate

**0.50 %**

Last reported: September 2019

Bank of Jamaica (BOJ), on September 30, 2019 announced its decision to hold the policy rate of 0.50% unchanged. The decision to hold the policy rate by the BOJ reflects their assessment that inflation is expected to fall below the lower limit of the inflation target of 4-6% at various points over the next eight quarters. The BOJ will closely monitor the impact of monetary loosening on credit expansion, investment and economic growth.

## Foreign Exchange Market Developments

JMD: USD

**\$135.16**

As at 30 September 2019

The foreign exchange (FX) market continued to trade with low to moderate amidst the moderate supply during the weeks of the month. BOJ had no interventions in the market during the month. At the end of trading on Monday, September 30, 2019, the USD was valued at JMD\$135.16 representing approximately \$2.54 or 1.84% depreciation in the USD for the month. The JMD also appreciated against the Canadian dollar and the Great Britain pound month over month.

Currency	Aug-19	Sep-19	Change M-O-M	Change YTD
USD	\$137.70	\$135.16	-1.84%	5.18%
CAD	\$103.09	\$102.31	-0.76%	10.41%
GBP	\$167.41	\$166.14	-0.76%	5.76%

Net International Reserves as at August 2019 stood at USD\$2.936 billion, approximately 0.51% lower than the stock of reserves at the end of July 2019 which stood at USD\$2.951 billion.

## Financial Sector Developments

### Banking

The Bank of Jamaica (BOJ) has reported that there is still much unease amongst Jamaica's correspondent banking partners with the levels of US Dollar cash being generated by local banks for repatriation. The BoJ has indicated the there is growing concern amongst Jamaica's correspondent banking partners overseas that these funds cannot be justified. In essence, to the overseas banks, the sources of the US Dollar funds flowing through the Jamaican financial institutions is questionable and have not passed their transparency test. With the exception of the Bank of America, correspondent banks, which are big overseas financial institutions, have been refusing to repatriate cash in US dollars from Jamaica and managing these funds overseas on

behalf of their local counterparts, citing de-risking concerns.

Despite the fear, there have been many efforts to convince correspondent banks overseas, that the large volumes of hard currency (cash) being shipped from Jamaica upwards of US\$50 million monthly are from legitimate sources. The BOJ, in an effort to coin a solution to the ongoing correspondent banking issue has turned the spotlight on the utilization and expansion of digital transactions between banks and consumers. This mode of financial transactions is believed to be one way in which to overcome the correspondent banking issues by bringing greater transparency to the sector.

### Stock Market

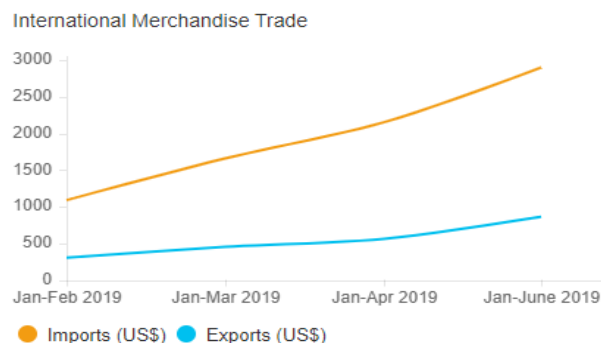
At the close of trading Monday, September 30, 2019, a fewer number of stocks were featured among the list of winners, bringing the advance to decline ratio to 16:22 over the month. The JSE Main market index shrunk by (-0.84%) month over month, following a positive gain of 11.94% in June but a (-0.64%) decline in August. The number of transactions on the exchange declined month over month to 12,941 down from 18,234 in August 2019. The value of these transactions however saw a major increase, from J\$ 7.11 Billion in August, to just over J\$ 9.77 Billion in September.

The top three stocks advancing included Barita Investments Limited (+21.11%), MPC Caribbean Limited (+20.52%) and Pulse Investments Limited (+15.59%). Meanwhile, the top three declining stocks included Epley Caribbean Property (-25.61%), 138 Student Living (-22.62%) and Kingston Wharves Limited (-20.40%).

Month	Transactions	Volume	Value	Index Change
July	14,019	1,055,044,633	\$ 13,453,261,495.11	11.54%
August	18,234	1,314,547,240	\$ 7,113,917,638.97	-0.64%
September	12,941	1,207,831,986	\$ 9,779,735,357.89	-0.64%

## International Trade Developments

International merchandise trade data released from STATIN shows a constantly increasing trade deficit for Jamaica as at June 2019. Imports to the island are estimated to be valued at US\$ 3.28 billion, vastly larger than exports of US\$ 883.4 million.



The island's import bill as at June 2019 is approximately 13.25% higher when compared to Jan - Jun 2018. Exports also saw a marginal increase when compared year over year. The 2019 January to June 2019 total of US\$883.4 Million stands 2.52% higher than exports as at June 2018.

## Fiscal Policy & Public Debt

### Jamaica's Refinances Debt

The Government of Jamaica paid US\$1.2 billion to repurchase a portion of its foreign debt in early September. The refinancing transaction is expected to result in savings on interest payments in billions annually. The take-up of the buyback offer was approximately a third of the US\$3 billion of sovereign bonds tendered. In addition to the repurchase, a new bond with a lower coupon rate of 7.87% with a yield of some 5.8% and longer maturity period to 2045 was floated. Both transactions are a part of the government's refinancing plan to replace expensive external bonds with cheaper debt as well as the broader goal of proactively managing Jamaica's external public debt. Following economic reform programmes as well as two debt restructuring supported by the International Monetary Fund, Jamaica's public debt is below 100%, which its lowest level in 18 years.

## Government Revenues & Expenses

For the period April to August 2019, GOJ operations recorded a fiscal deficit of J\$2.2 billion and a primary surplus of \$54.3 billion. This outturn reflected variances of (-79.4%) and 9.3% respectively when compared to the budget for fiscal period April to August 2019.

	Prov	Budget	(%)	
FY 2019/2020	Apr-Aug	Apr-Aug	Variance	Variance
<b>Revenue (billions)</b>	<b>250.6</b>	<b>245.9</b>	<b>4.7</b>	<b>1.9</b>
Tax Revenue	222.9	219.5	3.3	1.5
Non-tax Revenue	24.1	22.6	1.5	6.4
Bauxite Levy	-	-	-	-
Capital Revenue	0.8	1.0	-0.2	-22.3
Grants	2.9	2.2	0.7	34.1
<b>Expenditure</b>	<b>252.8</b>	<b>256.4</b>	<b>-3.6</b>	<b>-1.4</b>
Recurrent Expenditure	229.6	230.6	-1.0	-0.4
Capital Expenditure	23.2	25.8	-2.6	-10.1
<b>Fiscal Balance</b>	<b>- 2.2</b>	<b>10.5</b>	<b>8.3</b>	<b>-79.4</b>
<b>Primary Balance</b>	<b>54.3</b>	<b>49.7</b>	<b>4.6</b>	<b>9.3</b>

Total Revenues amounted to \$250.6 billion and outperformed projections by \$4.7 billion for the April to August period. In particular, Tax Revenue and Non-tax Revenue amounted to \$222.9 billion and 24.1 billion respectively, which were greater than the amounts projected by 1.5% and 6.4%. Capital Revenue however underperformed projections by 22.3%. Expenditures for the same period amounted to \$252.8 billion, which is \$3.6 billion less than the budgeted amount. Relative to projections, recurrent expenditure and current expenditure were \$1.0 billion and \$2.6 billion less than the budgeted amounts of \$230.6 billion and \$25.8 billion respectively.

## Concluding Remarks

With slight headwinds on the horizon, the Jamaican economy continues to progress steadily with another confirmed quarter of economic growth. With greater potential for growth, the island continues to see stable inflation, low unemployment, lower interest rates and adequate reserves. The prospects for the Jamaican economy therefore continue to remain positive going into the final 2 quarters of the financial year.



## INTERNAL HIGHLIGHTS

### PSOJ/BHC Members Mingle

The PSOJ partnered with the British High Commission and Virgin Atlantic Airlines to host an engaging and interactive mingle with members in the Windrush Gardens at the British High Commissioners residence. Newly elected President of the PSOJ, Keith Duncan, was in attendance to network with the members. One lucky member won a premium airline ticket for round trip travel from Montego Bay, Jamaica to London.



## PSOJ Annual General Meeting

The 31st Annual General Meeting was staged at the Knutsford Court Hotel on September 25. Approximately 65 persons were in attendance. Electronic voting provided by Appfinity Technologies (one of our newest SME members), was introduced, the new voting method was well-received and accounted for over 50% of the voting results. A special presentation was made to outgoing PSOJ President Howard Mitchell to recognize his transformative contribution to the Organisation during his tenure.





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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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