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NEWS WATCH...

PIOJ weighs potential impact of COVID-19 on economy

The impact of the ongoing outbreak of the coronavirus COVID-19, from an economic perspective, would primarily be transmitted through two main mechanisms, namely trade and financial flows, according to an assessment by the Planning Institute of Jamaica, PIOJ.... [Read More](#)

Weak 0.1% growth for Jamaican economy

A steep decline in the mining and quarrying industry due to the continued closure of the Alpart aluminium plant in St Elizabeth, and a slowdown in construction activities have been cited as the main contributors to the anaemic 0.1 per cent growth in the economy for the quarter ending December 2019..... [Read More](#)

PSOJ point man bullish on NIDS - New PSOJ tech team to push digital transformation for development

The roll-out of the controversial national identification system, NIDS, is receiving strong support from the umbrella private sector group, the Private Sector Organisation of Jamaica, PSOJ ... [Read More](#)

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.

Generally, this report highlights the continued positive trajectory of Jamaica's macro-economic indicators. We continue to celebrate the fruits of our labour. Ongoing reforms and fiscal discipline have given the Government of Jamaica more leverage to further invest in growth and development with fiscal surplus drastically surpassing that which was budgeted! Consequently, with the new fiscal year budget debates in progress, we see that the government is promising the biggest fiscal stimulus ever. Let us not waste this opportunity!



Notwithstanding these positive announcements, we continue to be concerned about the possible global economic impact the COVID-19 virus will have on our economy. Already, economists have downgraded their forecasts to reflect this and, in reality, a global recession is possible similar to that experienced over a decade ago. Let us brace ourselves for this possibility and hope our economy will remain resilient to these shocks. Let us safeguard the most vulnerable among us and remain optimistic that we will bounce back from this pending crisis in short order.

We hope you enjoy this bulletin and please share your feedback with us!

Makeba Bennett-Easy



MACROECONOMIC DASHBOARD

0.63%

Quarterly GDP Growth
Sep 2019

Previous Quarter: 1.35%

7.19%

Unemployment Rate
Q4, 2019

Previous Quarter: 7.84%

5.24%

Inflation Rate
January 2020

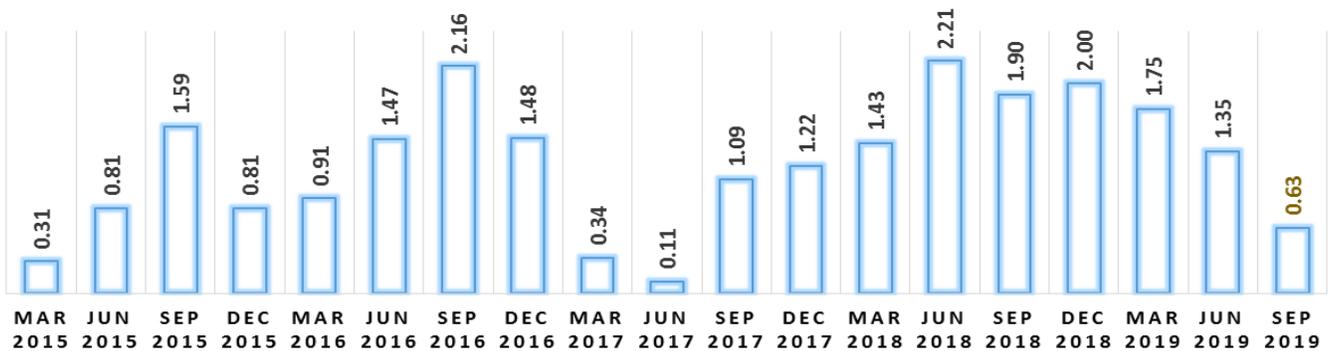
Previous Month: 6.22%

0.50%

Policy Rate
20 February 2019

Previous Rate: 0.50%

JAMAICA'S QUARTERLY GDP GROWTH (ANNUAL POINT TO POINT)



US\$5.91_{BN}

Imports
Jan-Nov 2019

Previous Year: US\$5.68 BN

US\$1.46_{BN}

Exports
Jan-Oct 2019

Previous Year: US\$1.73 BN

US\$3.13_{BN}

Net Int'l Reserves
January 2020

Previous Month: US\$3.09 BN

J\$12.6_{BN}

Fiscal Surplus
Apr 2019-Jan 2020

Previous Year: J\$14.3 BN

OTHER INDICATORS

Corporate Tax Rate

25.00%

Commercial Credit Rate as at Dec-2019

Previous Month: 9.93%

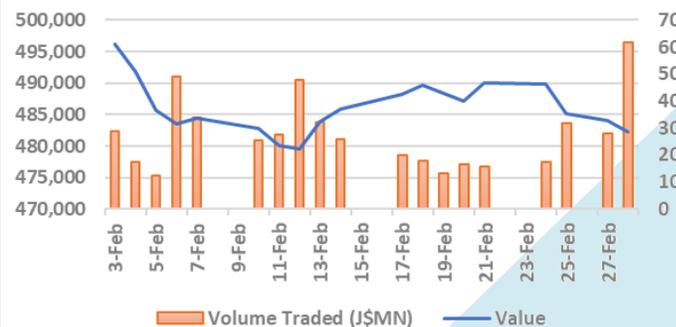
9.98%

Personal Credit Rate as at Dec-2019

Previous Month: 21.37%

21.08%

JSE Main Index Movements - February 2020





MACROECONOMIC

DEVELOPMENTS



REGIONAL AND INTERNATIONAL DEVELOPMENTS

US Economy Grew 2.1%, Virus Threat Looms

The United States economy grew at an annual rate of 2.1 per cent in the final quarter of last year, but damage from the spreading coronavirus is seen as likely depressing growth in the current quarter and for 2020 as a whole.

The US Commerce Department said that the overall pace of growth in the October-December quarter was unchanged from its initial estimate a month ago, though the components were slightly altered.

Economists have been downgrading their forecasts for the first quarter of this year as fears of the virus' impact have escalated. [Read Full Article](#)

Caribbean Chamber of Commerce Set to Launch in Europe

The newly founded Caribbean Chamber of Commerce in Europe (CCCE) is opening its doors soon, offering Caribbean-based companies an alternative gateway to the continent at a time when Britain proceeds with its exit from the European Union (EU).

A release informed that the "CCCE will promote trade and commerce between the wider Caribbean and the United Kingdom/Europe and attract European investment to strengthen the Caribbean economy".

Joining the cluster of chambers of commerce based at Brussels Enterprises Commerce and Industry (BECI) expands the scope of CCCE's network and widens its base, enabling it to operate effectively from the capital of the EU. [Read Full Article](#)

MONETARY POLICY DEVELOPMENTS

Inflation Rate

The All Jamaica Consumer Price Index recorded an index of 267.5 in January 2020, resulting in an inflation rate of -1.1 per cent, according to the Consumer Price Index (CPI) Bulletin – January 2020 released on February 17, 2020 by the Statistical Institute of Jamaica (STATIN).

5.24%
Inflation Rate
January 2020

The downward movement in January was mainly as a result of declines in the following divisions: 'Food and Non-Alcoholic Beverages' 1.4 per cent, 'Housing, Water, and Electricity, Gas and Other Fuels' 4.0 per cent and 'Transport' 0.7 per cent. The movement for the heaviest weighted division, 'Food and Non-Alcoholic Beverages' was impacted significantly by lower prices for agricultural produce resulting in a decline of 4.9 per cent in the class 'Vegetables and Starchy Foods' in the 'Housing, Water, Electricity, Gas and Other Fuels' division, lower rates for electricity resulted in the 9.1 per cent decline for the group 'Electricity', Gas and Other Fuels'. However, increased water and sewage rates led to a 7.2 per cent rise in the index for the group 'Water Supply and Miscellaneous Services Related to the Dwelling' which tempered the downward movement of the division's index.

For the review period, the point-to-point inflation was 5.2 per cent while the fiscal year-to-date was 4.3 per cent. For the month of January 2020, the three regions recorded declines in their index numbers: Greater Kingston Metropolitan Area (GKMA) was -1.4 per cent, Other Urban Centres (OUC) -1.3 per cent and Rural Areas (RA) -0.8 per cent.

Bank of Jamaica's Policy Rate

Bank of Jamaica announced its decision to hold the policy interest rate (the rate offered on overnight balances at Bank of Jamaica) unchanged at 0.50 per cent per annum, effective 20 February 2020.

0.50%
Policy Rate
20 Feb 2020

The decision to hold the policy rate unchanged is based on the Bank's continued view that monetary conditions are generally appropriate to support inflation remaining within the inflation target of 4.0 per cent to 6.0 per cent over the ensuing eight quarters.

Loans provided to the private sector by banks are growing at a very robust pace, particularly to the productive sector. Alternative means of financing such as corporate bonds and equities continue to grow. Bank of Jamaica will therefore continue to closely monitor the trends in credit from banks, capital market transactions, overall economic activity and most importantly, inflation, to determine the future path for the policy rate. *The Bank is expected to announce its new policy rate decision on March 27, 2020.*

Inflation Outlook and Forecasts

Inflation is projected to decelerate to 5.3 per cent at March 2020 and remain broadly at that level until June 2020. Lower inflation for the March 2020 quarter, relative to the December 2019 quarter, mainly reflects a sharp deceleration in Vegetable and Starchy food inflation given expected declines in agricultural food prices. This is based on an assessment that agricultural food supplies will improve over the near-term. However, some administered adjustments to electricity rates, minimum wages, artisan wages and water rates are expected to occur during the March and June 2020 quarters. [Read Full BOJ Quarterly Monetary Policy Report](#)

FOREIGN EXCHANGE MARKET DEVELOPMENTS

\$137.00

JMD to USD
End-February 2020

Over the month of February, the USD daily selling rates ranged between J\$137.00 to J\$142.58. This is contrast to the selling rates ranging between J\$133.11 and J\$141.22 in the previous month.

New BOJ FX trading platform to be rolled out by March 31: Phase one of the newly proposed Bank of Jamaica (BOJ) foreign exchange trading platform is expected to be rolled out by March 31. This was disclosed by Deputy Governor

Natalie Haynes during the bank's quarterly media briefing at the BOJ, in downtown Kingston, Haynes said the initial phase entails establishment of the order market arrangement involving the matching of trades bids and offers for foreign exchange market dealers, primarily banks and cambios. [Read Full Article](#)

Net International Reserves as at February 2020 stood at US\$ 3.13 billion, approximately 1.20 per cent greater than the stock of reserves at the end of January 2020 which stood at US\$3.09 billion and approximately 4.12 per cent greater than the NIR for February 2019 which stood at US\$3.01 billion.

FINANCIAL SECTOR DEVELOPMENTS

Stock Market

At the close of trading Friday, February 28, 2020, overall Market activity resulted from trading in 49 stocks of which 17 advanced, 31 declined and 1 traded firm. The top performers (in terms of percentage price change) are Pulse Investments, 138 Student Living and Eppley Limited. Top losers were MPC Caribbean Clean Energy, Kingston Wharves and JMMB Group 7.50%.

Month	Volume (Millions)	Value (J\$Millions)	JSE Main Index	MoM %Change
Dec-19	490.5	6,653.8	509,916	1.70
Jan-20	574.8	2,953.6	500,463	-1.85
Feb-20	522.9	2,475.1	482,310	-3.63

The JSE Main market index declined by 3.63 per cent month over month, following previous decline of 1.85 per cent in January and a 1.70 per cent growth in December. The volume of transactions saw a sharp decrease, from 574.8 million in January to approximately 522.9 million in February 2020. The value of transactions also decreased drastically from J\$3.0 billion to almost J\$2.5 billion.

Banking

NCB, Amber to Roll Out New Mobile Wallet

Tech company Amber Group Limited has partnered with National Commercial Bank Jamaica Limited (NCBJ), on a new mobile wallet called Amber Pay. It will be NCBJ's second mobile payment system; the other being Quisk, which has

been on the market for two years and is offered in partnership with another tech company, Advanced Integrated Systems, AIS. [Read Full Article](#)

INTERNATIONAL TRADE DEVELOPMENTS

Jamaica's imports for January to November 2019 were valued at US\$5,905.5 million, an increase of 3.9 per cent when compared to US\$5,682.4 million which was spent for the similar period in 2018 according to the International Merchandise Trade (IMT) Bulletin released on February 21, 2020 by the Statistical Institute of Jamaica (STATIN).



The November 2019 IMT Bulletin further outlined that revenue from exports amounted to US\$1,462.1 million for the current review period, 15.6 per cent lower than the US\$1,731.8 million earned in the similar period in 2018.

Expenditure on imports from the United States of America (USA) - Jamaica's main trading partner were valued at US\$2,669.5 million. This is 5.2 per cent above the US\$2,537.4 million recorded in the period January to November 2018. Earnings from total exports to the USA amounted to US\$553.2 million, an increase of 2.0 per cent when compared to the US\$542.6 million earned during January - November 2018.

FISCAL POLICY AND PUBLIC DEBT

For the period April 2019 to January 2020, GOJ operations highlighted ongoing fiscal discipline, recording a fiscal

surplus of J\$12.6 billion and a primary surplus of \$118.2 billion. This outturn reflected variances of 157.6 per cent and 4.9 per cent respectively when compared to the budget for fiscal period. This was due to the larger-than-expected revenue inflows and the reverse for expenditure.

FY 2019/20	Prov	Budget		
J\$ billions	Apr-Jan	Apr-Jan	Diff	Diff %
Revenue & Grants	519.3	516.8	2.5	0.5
Tax Revenue	462.0	459.5	2.5	0.5
Non-Tax Revenue	52.2	52.4	-0.2	-0.3
Bauxite Levy	0.0	0.0	0.0	-
Capital Revenue	0.8	0.8	0.0	0.8
Grants	4.3	4.2	0.1	2.4
Expenditure	506.7	512.0	-5.2	-1.0
Recurrent Expenditure	459.9	462.7	-2.8	-0.6
Capital Expenditure	46.8	49.3	-2.4	-4.9
Fiscal Balance	12.6	4.9	7.7	157.6
Primary Balance	118.2	112.7	5.6	4.9

Total Revenues & Grants amounted to \$519.3 billion and outperformed projections by \$2.5 billion. Tax Revenue and Non-tax Revenue amounted to \$462.0 billion and 52.2 billion respectively, which were greater and lesser respectively than the amounts projected by 0.5 per cent and 0.3 per cent. Capital Revenue also over performed projections by 0.8 per cent.

Expenditures for the same period amounted to \$506.7 billion, which is \$5.2 billion less than the budgeted amount. Relative to projections, recurrent expenditure and capital expenditure were \$2.8 billion and \$2.4 billion less than the budgeted amounts of \$462.7 billion and \$49.3 billion respectively.

CONCLUDING REMARKS

All macroeconomic variables highlighted indicate a positive outlook on the economy. However, we foresee weak growth in the upcoming quarters due to the possible global economic impact due the COVID-19 pandemic and the slowdown of the mining and quarry sector due to the shutdown of the Alpart Refinery. It is our hope that the economy continues to remain resilient to these shocks with our net international reserves remaining adequate and strong fiscal performances. International merchandise trade also is a major concern as imports have increased relative to the previous year.



Unveiling of Six-Point Strategic Plan

On January 9, 2020, The Private Sector Organisation of Jamaica (PSOJ) held a media briefing to unveil a six-point strategic plan designed to help the country achieve inclusive growth and create an environment that enables private sector-led investments, while protecting the island's environment.

The main areas of focus over the upcoming two (2) years (i.e. 2020 to 2022) will be crime, ease of doing business, direct investments, corruption, environmental sustainability and human capital development.

The strategy was shared with all PSOJ members via email; the document containing the full strategic plan has also been placed on the





INTERNAL

HIGHLIGHTS



PSOJ and Partners Celebrate Exciting Year Ahead!

On January 23, 2020, the Private Sector Organisation of Jamaica (PSOJ) in partnership with RUBiS Energy, Trend Media, PROVEN, and JMMB hosted members at the R Hotel to celebrate the exciting year ahead. This event replaced the annual Christmas Luncheon that is normally hosted by PSOJ; no Christmas event was held in December 2019.



Members were treated to musical fare from the Avant Academy band headed by Seretse Small and DJ Kurt Riley.

Patrons noshed scrumptious hors d'oeuvres and sipped cocktails on the house, while overlooking the city skyline.





MEMBER

HIGHLIGHTS





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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