MAYBERRY INVESTMENTS LIMITED

VOLUME 2 APRIL 20, 2018

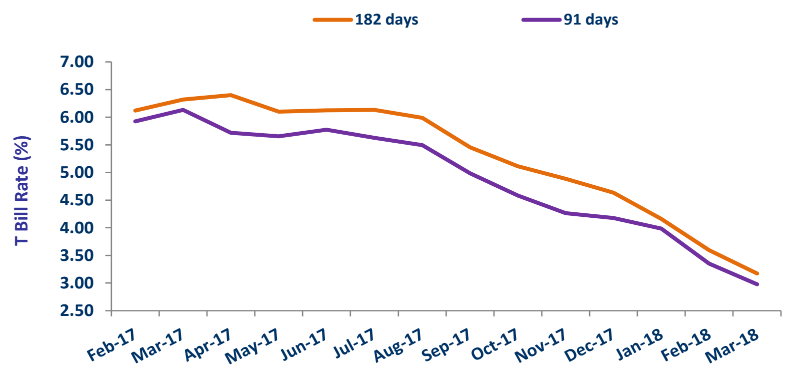
MONTHLY ECONOMIC SUMMARY

LOCAL ECONOMY

TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

Treasury Bills:

For the month of March, applications for treasury bills exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J$1.2 billion in treasury bills, while applications totaled J$2.54 billion and J$2.48 billion for the 90-day and 180 –day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 2.977%, down 38 basis points compared to February, whilst the182-day treasury bill auction resulted in the average yield of 3.172%, down 42 basis points relative to February's outturn. Notably, the average yields on the 91-day decreased by 315 basis points compared to the auctions in 2016 for the comparable period. The 182-day treasury bills also declined by 315 basis points relative to the corresponding auctions in 2016.(Refer to the graph on the right).



Producer Price Index:

The Producer Price Index (PPI) for the Mining and Quarrying industry decreased by 0.4% for the month of February 2018 according to the Statistical Institute of Jamaica (STATIN). This decline resulted mainly from a decline in the major group 'Bauxite Mining and Alumina Processing' by 0.6%. The Manufacturing industry registered a decrease of 0.1% for the period under review. The main contributors to this movement were the 'Refined Petroleum Products' major group which fell by 1.0%, the 'Food, Beverages & Tobacco' major group, up by 0.1% and the 'Chemicals and Chemical Products' major group, up by 0.2%.

According to STATIN "The point-to-point movement for February 2017 to February 2018 recorded a decline of 6.8% in the index for the Mining & Quarrying industry. This movement was influenced mainly by the 'Bauxite Mining and Alumina Processing' major group which fell by 7.4%. The Manufacturing industry recorded an increase of 7.2% for the similar period. This movement was due mainly to increases in the index for the major groups, 'Refined Petroleum Products', 27.3%, and 'Food, Beverages & Tobacco' which rose by 3.7%."

"For the fiscal year-to-date April 2017 to February 2018, the index for the Mining & Quarrying industry recorded a decline of 9.3 per cent, while the Manufacturing industry rose by 4.5 per cent in its index for the same period under review."

TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in February 2018 amounted to 193,575 an increase of 3.7% when compared to 186,670 recorded in February 2017.

Stopover arrivals from the U.S. market increased by 7.9% in February 2018 with a total of 116,512 arrivals compared to 107,964 arrivals in February 2017.

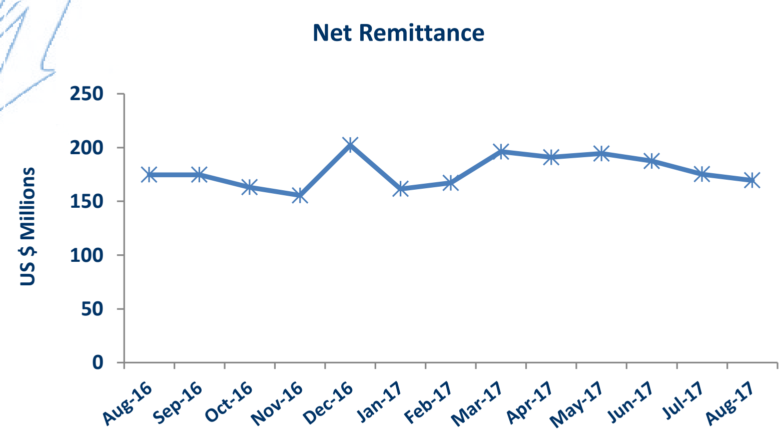
The Canadian market recorded a decline in arrivals of 3.5% with arrivals amounting to 41,925 relative to 43,447 in February of last year.

The European market region recorded an increase in arrivals by 1.0% to total 27,106 stopover arrivals in February 2018, relative to 26,838 recorded for February 2017.

Arrivals from Latin America recorded a growth of 10.3% with a total of 3,023 stopovers relative to 2,741 recorded in February 2017.(see Tourist Arrivals table above)

Stopover Arrivals by Market Region

Country	February 2018	Share %	February 2017	Share %	Change %
U.S.A.	116,512	60.2%	107,964	57.8%	7.9%
Canada	41,925	21.7%	43,447	23.3%	-3.5%
Europe	27,106	14.0%	26,838	14.4%	1.0%
Latin America	3,023	1.6%	2,741	1.5%	10.3%
Caribbean	3,919	2.0%	4,227	2.3%	-7.3%
Asia	640	0.3%	1,045	0.6%	-38.8%
Others	450	0.2%	408	0.2%	10.3%
Total	193,575	100.0%	186,670	100.0%	3.7%



REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for August 2017, showed, net remittances were US$169.5 million, a decrease of US$5.2 million relative to the corresponding month of 2016.

For the period January 2017 to August 2017, net transfers totalled US$1,378.9 million, relative to US$1,360.7 million for the corresponding period in 2016.

For August 2017, total inflows amounted to US$191.6 million, while outflows totalled US$22.1 million.

The largest source market of remittances to the island in August was USA with a share of 62.9%. The remaining remittances during the abovementioned month came from Canada (12.8%) followed by UK (12%) and Cayman Islands (6.3%).

Prepared by: Research Department

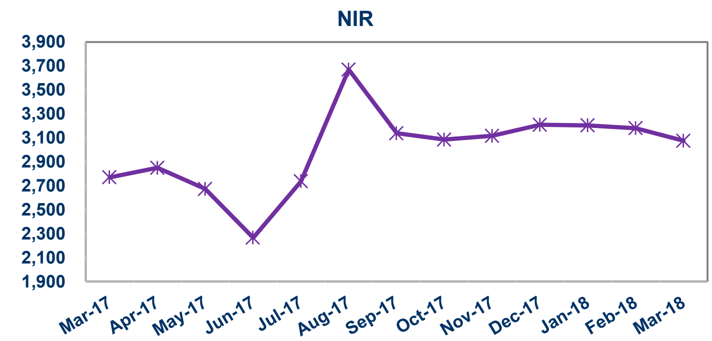
NET INTERNATIONAL RESERVES

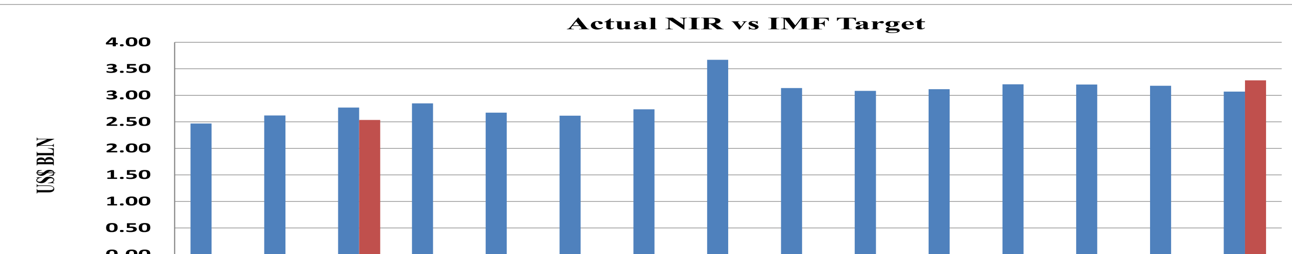
Jamaica's Net International Reserves (NIR) totaled US$3,074.57 million as at March 2018, reflecting a decrease of US$104.93 million relative to the US$3,179.50 million reported as at the end of February 2018 (see figure 1).

Changes in the NIR resulted from a decrease in Foreign Assets of US$104.22 million to total US$3,656.91 million compared to the US$3,761.14 million reported for February 2018. 'Currency & Deposits' contributed the most to the decline in Foreign Assets. 'Currency & Deposits' as at March 2018 totaled US$3,060.24 million reflecting a decline of US$102.95 million compared to US$3,163.19 million booked as at February 2018.

'Securities' amounted to US$322.86 million; US$2.74 million less than the US$325.60 million reported in February 2018. Foreign Liabilities for March 2018 amounted to US$582.35 million compared to the US$581.63 million reported for February 2018. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US$0.71 million decline month over month from February 2018.

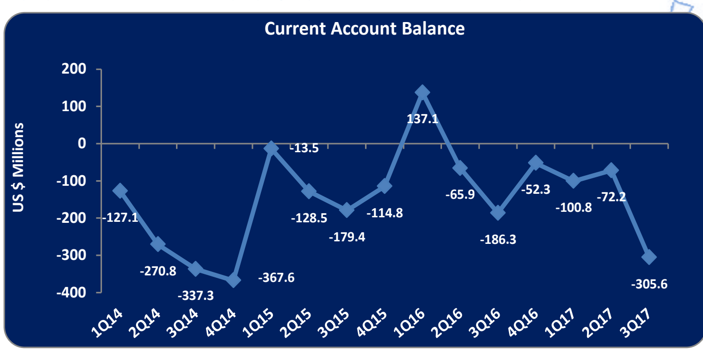
At its current value, the NIR is US$305.40 million more than its total of US$2,769.17 million as at the end of March 2017. The current reserve is able to support approximately 38.83 weeks of goods imports or 22.49 weeks of goods and services imports.





	Jan. 2017	Feb. 2017	Mar. 2017	Apr. 2017	May. 2017	Jun. 2017	Jul. 2017	Aug. 2017	Sep. 2017	Oct. 2017	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	Mar. 2018
NIR - Actual	2.47	2.62	2.77	2.85	2.67	2.62	2.74	3.67	3.14	3.08	3.12	3.21	3.20	3.18	3.07
NIR (floor) - IMF Target			2.54												3.28

CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account deficit for the period July 2017 to September2017 amounted to a deficit of US$305.6 million. This compared to the US$186.3 million deficit booked for the third quarter of 2016.

MONEY SUPPLY

Components of Money Supply (M2)

Percentage Change (%)	Oct-16	Sep-17	Oct-17
Total Money Supply (M2*)	17.2	26.5	23.3
Total Money Supply (m2*) without new entrant		11.1	9.8
Money Supply (M2J)	12.9	30.7	30.7
Money Supply (M2J) without new entrant		12.5	7.7
Money Supply (M1J)	16.4	14.7	13.8
Currency with the public	15.7	9.9	10.3
Demand Deposits	16.9	18.7	16.6
Quasi Money	9.6	46.5	47.5
Savings Deposits	12.6	41.6	40.9
Time Deposits	-1.5	65.8	75.8
Foreign Currency Deposits	23.8	20.5	12.9

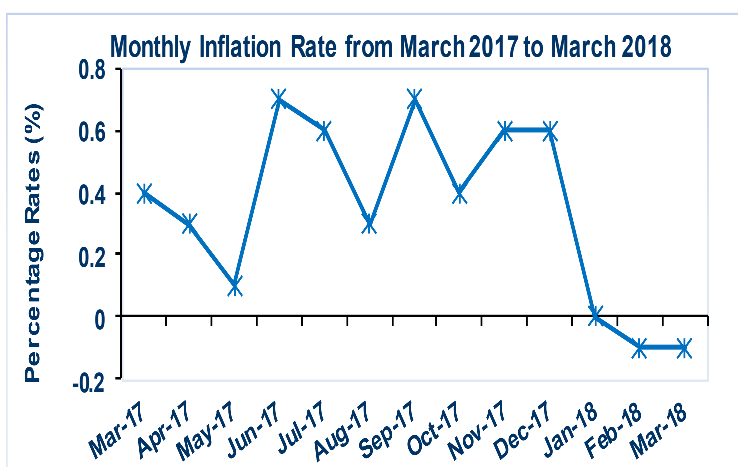
According to the latest data available from the Bank of Jamaica, total Money Supply (M3) as at October 2017 amounted to J$874.20 billion, a decline of 1.60% compared to the $888.43 billion in September 2017. M2, comprises M1 plus short-term savings and time deposits, certificates of deposit, foreign currency transferable deposits, repurchase agreements and other deposits.

CONSUMER PRICE INDEX

The inflation for the month of March 2018 declined for the second consecutive month with a contraction of 0.1% following the same movement in February 2018, according to STATIN. The Consumer Price Index for the month moved to 248.1 relative to the 248.3 reported for February 2018. This decline was largely attributed to the movement in the index for the heaviest weighted division, 'Food and Non-Alcoholic Beverages' which declined by 1.0%. Inflation within the Greater Kingston Metropolitan Area declined 0.3% while Other Urban Centres and Rural Areas both registered negligible movements in their index.

The movement in the division 'Food and Non-Alcoholic Beverages' was as a result of the 1.1% decline in the group 'Food' (primarily due to the 4.3% decline in the class 'Vegetables and Starchy Foods') and a 0.1% increase in the group 'Non-Alcoholic Beverages'. 'Housing, Water, Electricity, Gas and Other Fuels' division recorded an increase of 3.2% as a result of the 5.5% rise in the group 'Electricity, Gas and Other Fuels'.

The Inflation rate year to date is -0.2%, while the point-to-point rate (March 2017 – March 2018) and fiscal year 2018/ 2019 was -0.3% and 3.9% respectively

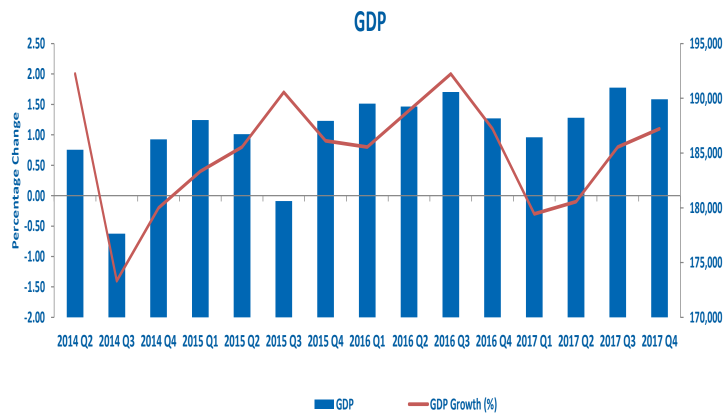


GROSS DOMESTIC PRODUCT

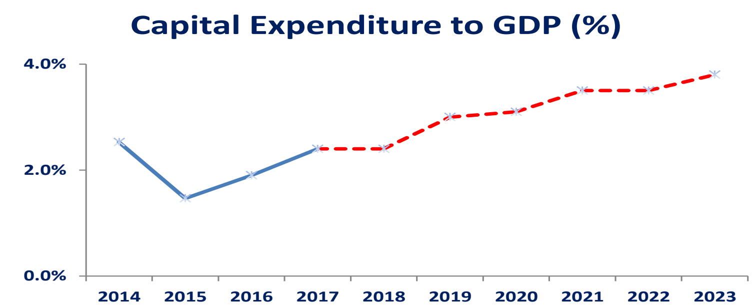
The latest data from the Statistical Institute of Jamaica indicates, "The Jamaican economy grew by 1.1% in the fourth quarter of 2017 when compared to the similar quarter of 2016". This was due mainly to the improved performances in both the Services industries (1.1 %) and the Goods Producing industries (1.2%). All Services Industries recorded increased levels of output whilst the increase in the Goods Producing Industries was largely due to a 14.7% increase in Mining & Quarrying, 0.3% in Manufacturing and a 0.7% increase in Construction.

STATIN reports, "Value Added for the Agriculture, Forestry & Fishing industry declined by 1.1% in the review period when compared to the fourth quarter of the previous year. This was influenced mainly by unfavourable weather conditions as a result of heavy rainfall. Other Agricultural Crops which, includes Animal Farming, Forestry and Fishing declined by 3.1%. However, Traditional Export Crops grew by 10.7%."

"The Electricity & Water Supply industry recorded an increase of 0.4% in real value added. Electricity consumption increased by 0.2%, moving to 802,235 MWh in 2017 from 800,652 MWh in 2016. Water production increased by 1.4% moving to 17,992.1 million gallons in 2017 from 17,748.0 million gallons in 2016. The increase in water production was due mainly to higher levels in rainfall during the quarter."



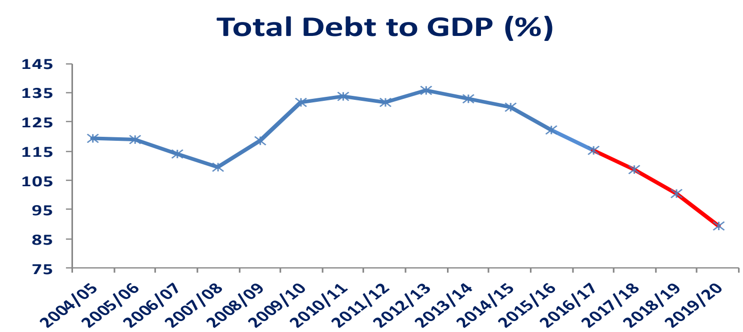
CAPITAL EXPENDITURE TO GDP



Total Expenditure for the period April to February 2018 amounted to $484.76 billion, $15.21 billion 3.0% less than the budgeted $499.96 billion. Recurrent expenditure which totalled $445.63 billion, accounted for 91.93% of overall expenditures. Relative to projections, recurrent expenditure was $13.64 billion (3.0%) less than budgeted. Of the recurrent expenditure categories over the review period, all categories with the exception of 'Employee Contribution' came in below budget. 'Programmes' which amounted to $150.08 billion was $3.52 billion or 2.3% less than projected, 'Compensation of Employees' which amounted to $170.16 billion was $5.09 billion or 2.9% less than projected, while 'Wages & Salaries' amounted to $157.34 billion and was $5.99 billion or 3.7% less than projected. 'Employee Contribution' which amounted to $12.82 billion for the period was over budget by 7.5% relative to the budgeted $11.92 billion. As a result of the decreases in expenditures for the period April to February 2018, the 'Fiscal Deficit' was $8.61 billion, relative to a projected deficit of $34.87 billion. Additionally, the primary balance for the period amounted to $116.78 billion, 22.2% more than budgeted.

Notably, The FY2018/19 Budget tabled in Parliament includes a significant increase in capital expenditure by central government from 2.4% of GDP in FY2017/18 to 3.0% of GDP in FY2018/19, in keeping with the growth and national security objectives of GOJ.

DEBT TO GDP



Public Debt to GDP is expected to close the fiscal year 2017/18 with a ratio of 105% , below the targeted debt levels of 111% of GDP, stated Minister Shaw in his Opening Budget Debate Presentation. Debt to GDP at the end of the FY2016/17 was 115.2%. Jamaica's total public debt as at December 2017 amounted to $1.95 trillion, a decrease from the $1.96 trillion as at November 2017. For the FY2018/19 and FY2019/20, Debt-to GDP is forecasted at 102% and 90% respectively, as the Government aims to bring the public debt to GDP down to 60% by FY 2025/26, Minister Shaw remarks after IMF 3rd Review

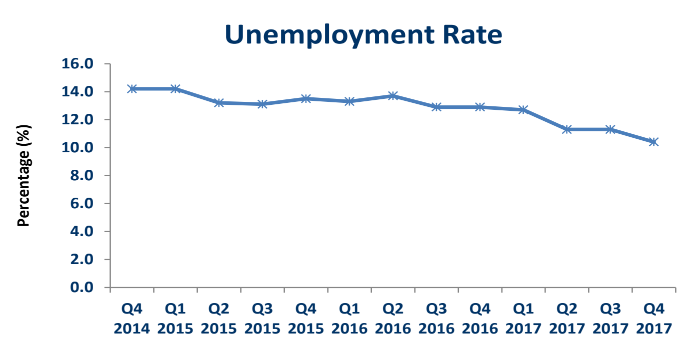
For FY 2017/18, the GOJ estimates that the primary balance should amount to $132 billion. As at the end of February 2018, this amounted to $116.78 billion. Tax Revenue was expected to total an estimated $473 billion by the end of the March quarter. The reported tax revenue fort he end of February 2018 was $429.12 billion

As Jamaica aims to maintain fiscal discipline and macroeconomic stability, the Government forecast a real GDP growth of 2.4% for FY2018/19 (slightly above IMF's target of 1.7%.) where the budget is estimated to generate a primary surplus of $141.1 billion, still in line with the 7.0% of GDP programme target and includes no new revenue measures.

LABOUR FORCE

Unemployment Rate (%)	January Q1	April Q2	July Q3	October Q4
2014	13.4	13.6	13.8	14.2
2015	14.2	13.2	13.1	13.5
2016	13.3	13.7	12.9	12.9
2017	12.7	11.3	11.3	10.4

Labour force	January Q1	April Q2	July Q3	October Q4
2014	1,305,500	1,311,100	1,303,700	1,310,200
2015	1,320,800	1,300,400	1,320,500	1,325,200
2016	1,342,000	1,353,500	1,363,300	1,355,500
2017	1,358,300	1,371,600	1,371,200	1,347,600

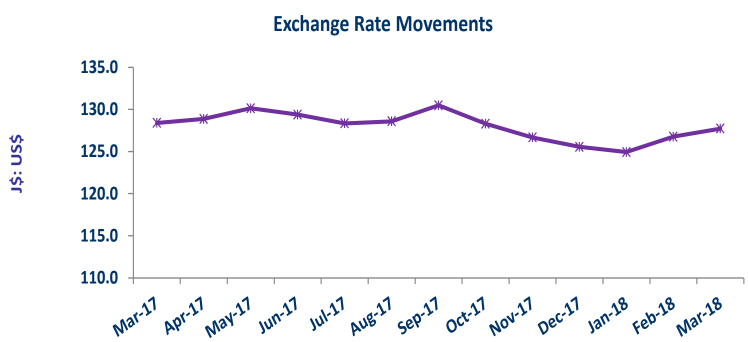


The Labour Force at October 2017, was 1,347,600 representing a decrease of 6,500 (0.5%) compared to 1,354,100 in October 2016. The male labour force decreased by 7,100 (1.0%) from 728,600 in October 2016 to 721,500 in October 2017.The female labour force was 625,500 in October 2016 compared to 626,100 in October 2017. The number of persons employed in October 2017 was 1,206,800 which was 27,300 (2.3%) more than the 1,179,500, recorded in October 2016. For males, employment increased by 5,300 (0.8%) between October 2016 (663,600) and October 2017 (668,900). Female employment increased by 22,000 (4.3%) from 515,900 to 537,900 over the same period. The unemployment rate has been trending downwards over the last decade. In October 2017, unemployment rate was 10.4%, the lowest since October 2008. The youth unemployment rate of 25.4% was also the lowest since January 2008. Female employment continue to increase.

FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of March 2018. The JMD declined by $0.95 in March, to close the month at an average of $127.72 relative to the $126.77 recorded in February 2018. Year over year, the JMD has appreciated by approximately $0.68 or 0.53% relative to the $128.40 reported as at March 2017.



INTERNATIONAL FOREX

GBP/USD: The pair closed at **$1.4015.**According to FX Empire, "The pound spent much of the month of March in a consolidation mode and ranged between the 1.37 and the 1.40 regions for much of the time. It is only towards the end of the month that the pound got boost and it managed to surmount the region around 1.40 and it also managed to close the month above the same. This should have given a lot of energy and confidence for the bulls for the month ahead and this region is also likely to be the region of battle between the bulls and the bears in the short term. Looking ahead to the month of April, the first part of the month is likely to be spent as a battleground between the bulls and the bears for control. If the pound manages to stay above 1.40, then we should see the bulls in control and this should help the pair to move towards the highs of its range while a drop below that region would mean that the pair is back in range and it could lead to some more period of ranging and consolidation. ."

EUR/USD: The pair closed the month at **$1.2324.** According to FX Empire, "The EURUSD pair completed one more month of ranging and consolidation in March though there were a lot more fundamental developments during the course of the completed month than what we saw in the month of February. But considering the fact that the month of March has passed off peacefully without much of volatility, we can safely conclude that the ranging is intact and we could probably see a breakout sooner than later. There were a bunch of events that were supposed to have rocked the markets but the traders would be surprised to note that the pair continues to trade within the 250 pip range that it has been doing over the last few weeks now. There is not much by way of fundamental events or news or data to look forward to, in the coming month of April. Apart from the usual set of employment and other data from the US and other countries, we do not have much on the calendar. But we also have to note that the risks surrounding the geopolitical issues continues to haunt the markets and remain just beneath the surface. This would mean that this could arise at any point of time over the short and medium term and the traders need to be wary of this. "

Int'l Currency Prices:	March 1-31			
Currency Pair	**Open**	**High**	**Low**	**Close**
GBP/USD	1.3776	1.4229	1.3776	1.4015
USD/CAD	1.2837	1.3096	1.2812	1.2900
EUR/USD	1.2267	1.2444	1.2242	1.2324
USD/JPY	106.24	106.85	104.74	106.28

USD/CAD: The CAD appreciated against the USD during the month of March by 0.49% to close at $1.2900

OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date
09-Mar-18	28 Days	3.50%	N/A	Fixed	06-Apr-18
16-Mar-18	28 Days	3.50%	N/A	Fixed	13-Apr-18
23-Mar-18	28 Days	3.50%	N/A	Fixed	20-Apr-18
29-Mar-18	29 Days	3.50%	N/A	Fixed	27-Apr-18

The Bank of Jamaica issued four Certificates of Deposits during the month of March 2018.

INTERNATIONAL ECONOMY

United States: According to the *U.S. Bureau of Labour Statistics,* "The Consumer Price Index for All Urban Consumers (CPI-U) decreased 0.1% in March on a seasonally adjusted basis after rising 0.2% in February. Over the last 12 months, the all items index rose 2.4% before seasonal adjustment. A decline in the gasoline index more than outweighed increases in the indexes for shelter, medical care, and food to result in the slight seasonally adjusted decline in the all items index. The energy index fell sharply due mainly to the 4.9% decrease in the gasoline index. The index for food rose 0.1% over the month, with the indexes for food at home and food away from home both increasing. The index for all items less food and energy increased 0.2% in March, the same increase as in February. Along with shelter and medical care, the indexes for personal care, motor vehicle insurance, and airline fares all rose. The indexes for apparel, for communication, and for used cars and trucks all declined over the month. The all items index rose 2.4% for the 12 months ending March, the largest 12-month increase since the period ending March 2017 and higher than the 1.6% average annual rate over the past 10 years. The index for all items less food and energy rose 2.1%, its largest 12-month increase since the period ending February 2017. The energy index increased 7.0% over the past 12 months, and the food index advanced 1.3%. "

EURO Zone: According to the *European Union's statistics office*, "The euro area seasonally-adjusted unemployment rate was 8.5 % in February 2018, down from 8.6 % in January 2018 and from 9.5 % in February 2017. The EU-28 unemployment rate was 7.1 % in February 2018, down from 7.2 % in January 2018 and from 8.0 % in February 2017. Among the Member States, the lowest unemployment rates in February 2018 were recorded in the Czech Republic (2.4 %), Germany and Malta (both 3.5 %) as well as Hungary (3.7 % in January 2018). The highest unemployment rates were observed in Greece (20.8 % in December 2017) and Spain (16.1 %). Compared with a year ago, the unemployment rate fell in all Member States except Estonia where it increased (from 5.8 % to 6.5 % between January 2017 and January 2018). The largest decreases were registered in Cyprus (from 12.6 % to 9.6 %), Greece (from 23.4 % to 20.8 % between December 2016 and December 2017) and Croatia (from 12.0 % to 9.6 %)."

Commodity: According to the *World Bank,* "Commodity prices were mixed in March, with energy prices rising 0.6% and non-energy prices falling 0.7%. Raw materials, food, and beverages rose 1.0%, 1.3%, and 0.4%, respectively, Base metals fell 4.1% and precious metals 0.5%."

CARICOM:

Belize -*According to The Statistical Institute of Belize , "*For the month of February 2018, All-Items Consumer Price Index (CPI) stood at 104.5, a decrease from 105.1 in February 2017 (see Figure 1). For the first month since December of 2015, the average Belizean household experienced an overall drop in the cost of regularly purchased goods and services compared to the same month of the previous year, reflected in an inflation rate of negative 0.5%. Nonetheless, for the first two months of 2018, consumer prices were up slightly by 0.2%. For the category of 'Food and Non-Alcoholic Beverages', prices were down by 0.4% compared to February 2016. The 'Transport' category, which had seen prices steadily rising since August of 2016, experienced its first decline during the month, with prices within this category down by 4.7% in comparison to February of 2017. "

Barbados- *According to Barbados Statistical Service*, "During the month of December 2017, total imports to Barbados were valued at $293.3 million, whilst total exports from Barbados were valued at $81.0 million. This resulted in a visible trade deficit of $212.3 million, as compared with a visible trade deficit of $209.0 million for December 2016. Imports for December 2017 were $19.0 million less than imports for December 2016, a decrease of 6.1%. Total exports decreased by $22.3 million or 21.6% of the December 2016 figure. Domestic exports decreased by $0.9 million or 2.6% over December 2016, while the value of re-exports decreased by $21.3 million or 31.9% over the corresponding period 2016. For the period January – December 2017, the value of imports to Barbados was $3.2 billion, whilst the value of total exports was $970.8 million representing an accumulated visible trade deficit of $2.22 billion as compared to a similar deficit of $2.21 billion for January – December, 2016. "