

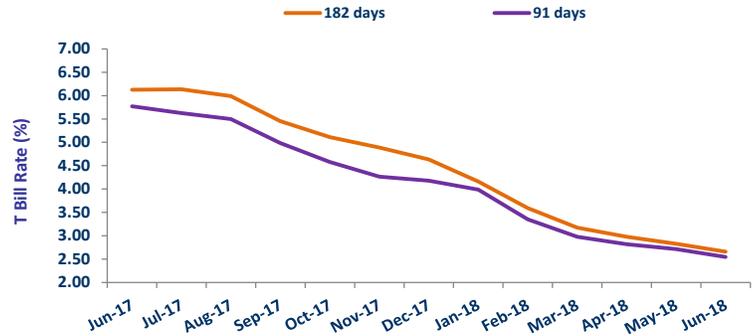


LOCAL ECONOMY

TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

Treasury Bills:

For the month of June, applications for treasury bills exceeded demand, as the Bank of Jamaica (BOJ) issued a total of J\$1.4 billion in treasury bills, while applications totaled J\$2.12 billion and J\$3.19 billion for the 90-day and 180 –day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 2.54%, down 17 basis points compared to May, whilst the 182-day treasury bill auction resulted in the average yield of 2.66%, down 17 basis points relative to May’s outturn. Notably, the average yields on the 91-day decreased by 323 basis points compared to the auctions in 2017 for the comparable period. The 182-day treasury bills also declined by 347 basis points relative to the corresponding auctions in 2017.(Refer to the graph on the right).



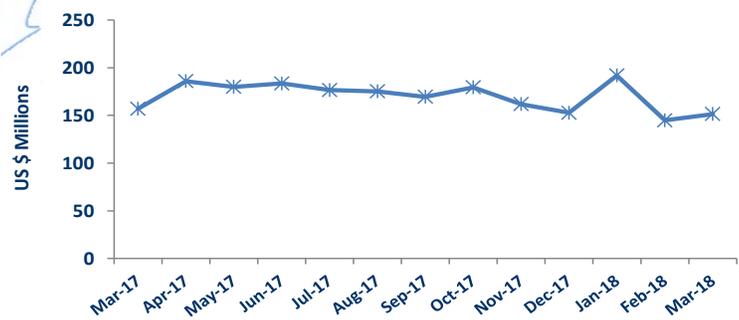
Producer Price Index:

The Producer Price Index (PPI) for the Mining and Quarrying industry declined by 1.8% for the month of May 2018 according to the Statistical Institute of Jamaica (STATIN). This downward movement resulted mainly from a decrease in the major groups ‘Bauxite Mining and Alumina Processing’ and ‘Other Mining and Quarrying’ by 1.9% and 0.9% respectively. The Manufacturing industry registered an increase of 1.7% for the period under review. The main contributor to this movement was as a result of the upward movement in the index for two of the groups within the major group ‘Food, Beverages & Tobacco’ major group.

Stopover Arrivals by Market Region					
Country	May 2018	Share %	May 2017	Share %	Change %
U.S.A.	134,187	68.6%	122,446	67.4%	9.6%
Canada	28,198	14.4%	27,394	15.1%	2.9%
Europe	23,973	12.3%	22,481	12.4%	6.6%
Latin America	2,992	1.5%	2,885	1.6%	3.7%
Caribbean	5,027	2.6%	4,929	2.7%	2.0%
Asia	644	0.3%	871	0.5%	-26.1%
Others	470	0.2%	663	0.4%	-29.1%
Total	195,491	100.0%	181,669	100.0%	7.6%

According to STATIN, “The point-to-point movement for May 2017 to May 2018 recorded a decline of 9.5% 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 10.1%. The Manufacturing industry recorded an increase of 6.6%. This movement was due mainly to increases in the major groups, ‘Food, Beverages & Tobacco’ 2.1% and ‘Refined Petroleum Products’ up by 28.2%.”

Net Remittance



“For the fiscal year-to-date April 2018 to May 2018, the index for the Mining & Quarrying industry recorded a decline of 1.8%, while the Manufacturing industry advanced by 1.7% in its index for the same period under review.”

TOURISM

According to the latest data from the Jamaica Tourist Board, stopover arrivals in May 2018 amounted to 195,491 an increase of 7.6% when compared to 181,669 recorded May 2017.

Stopover arrivals from the U.S. market increased by 9.6% in May 2018 with a total of 134,187 arrivals compared to 122,446 arrivals in May 2017.

The Canadian market recorded an increase in arrivals of 2.9% with arrivals amounting to 28,198 relative to 27,394 in May of last year.

The European market region recorded an increase in arrivals by 6.6% to total 23,973 stopover arrivals in May 2018, relative to 22,481 recorded for May 2017.

Arrivals from Latin America recorded a growth of 3.7% with a total of 2,992 stopovers relative to 2,885 recorded in May 2017.(see Tourist Arrivals table above)

REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for March 2018, showed, net remittances were US\$195.8 million, an increase of US\$9.9 million relative to \$185.9 million reported for the corresponding month of 2017.

For the period April 2017 to March 2018, net transfers totalled US\$2,062.1 million, relative to US\$2,074.2 million for the corresponding period in 2016/17.

For March 2018, total inflows amounted to US\$219.0 million, while outflows totalled US\$23.2 million.

The largest source market of remittances to the island in March was USA with a share of 65.8%. The remaining remittances during the above mentioned month came from UK (12.8%) followed by Canada (8.9%) and Cayman Islands (6.5%).



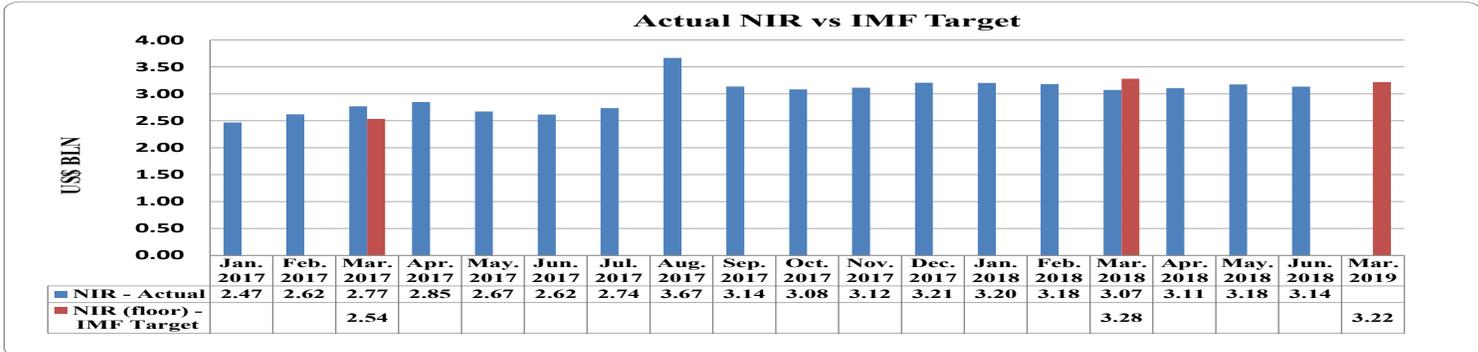
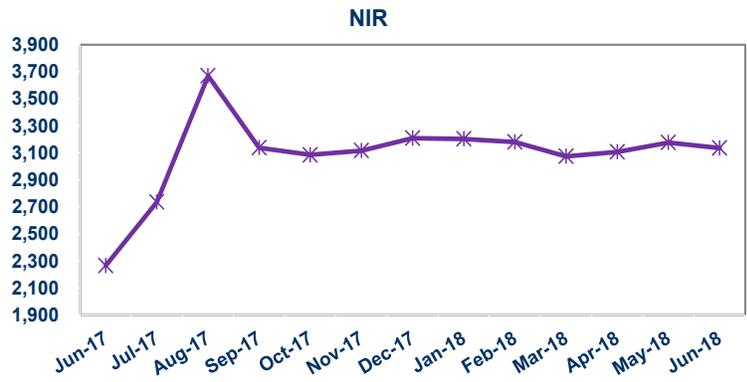
NET INTERNATIONAL RESERVES

Jamaica's Net International Reserves (NIR) totaled US\$3,135.49 million as at June 2018, reflecting a decrease of US\$40.39 million relative to the US\$3,175.88 million reported as at the end of May 2018 (see figure 1).

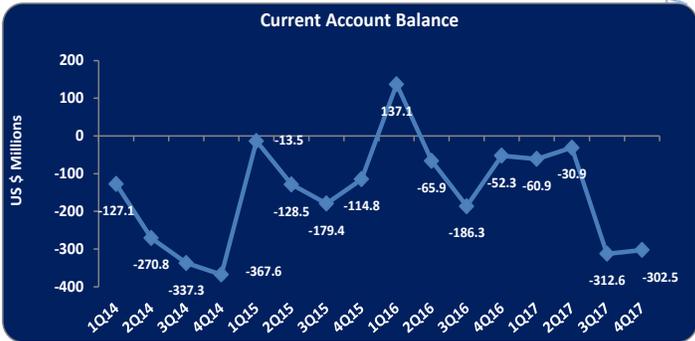
Changes in the NIR resulted from a decrease in Foreign Assets of US\$46.70 million to total US\$3,687.40 million compared to the US\$3,734.10 million reported for May 2018. 'Currency & Deposits' contributed the most to the decline in Foreign Assets. 'Currency & Deposits' as at June 2018 totaled US\$3,101.80 million reflecting a decrease of US\$57.24 million compared to US\$3,159.04 million booked as at May 2018.

'Securities' amounted to US\$324.35 million; US\$12.41 million more than the US\$311.94 million reported in May 2018. Foreign Liabilities for June 2018 amounted to US\$551.91 million compared to the US\$558.22 million reported for May 2018. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$6.31 million decline month over month from May 2018.

At its current value, the NIR is US\$518.68 million more than its total of US\$2,616.81 million as at the end of June 2017. The current reserve is able to support approximately 32.49 weeks of goods imports or 19.80 weeks of goods and services imports.



CURRENT ACCOUNT BALANCE



The latest data from the Bank of Jamaica shows the Current Account deficit for the December 2017 quarter amounted to US\$312.6 million. This is compared to the US\$305.6 million deficit booked for the third quarter of 2017.

CONSUMER PRICE INDEX

The consumer price index for the month of June 2018 increased 0.4%, following the negligible movement in May 2018, according to The Statistical Institute of Jamaica (STATIN). The Consumer Price Index for the month amounted to 248.0, relative to the 247.0 reported for May 2018. This increase was largely attributed to the movement in two divisions, 'Housing Water, Electricity, Gas and Other Fuels' up by 1.2% and 'Transport' up by 0.8%. Inflation within the Greater Kingston Metropolitan Area, Other Urban Centres and Rural Areas all registered an increase in their respective index of 0.3%, 0.6% and 0.4% respectively.

The index for the 'Housing, Water, Electricity, Gas and Other Fuels' division recorded a 1.2% increase in its index for June 2018, following a 0.2% upward movement for May 2018. This was a result of the group 'Electricity, Gas and Other Fuels' increasing 2.0% following an increase of 1.4% in the month of May 2018. According to STATIN, this movement was "due largely to increased rates for electricity, water and sewage". In addition, increases in the water and sewage rates also resulted in the group 'Water Supply and Miscellaneous Services Related to the Dwelling' to increase by 0.8%. The index for the 'Transport' division recorded a 0.8% increase in its index for June 2018, following a negligible movement for May 2018. According to STATIN, "This increase was mainly attributed to higher petrol prices."

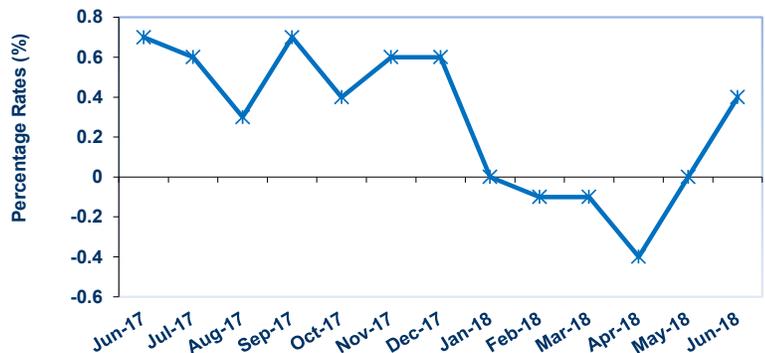
The Inflation rate year to date is -0.3%, while the point-to-point rate (June 2017 – June 2018) and fiscal year 2018/ 2019 was 2.8% and 0.0% respectively.

MONEY SUPPLY

Percentage Change (%)	Feb-17	Dec-17	Feb-18
Total Money Supply (M2*)	25.6	22.9	11.5
Money Supply (M2J)	23.6	29.1	18.5
Money Supply (M1J)	12.6	12.6	18.7
Currency with the public	11	9.2	10.3
Demand Deposits	13.8	15.7	16.6
Quasi Money	9.6	46.6	18.4
Savings Deposits	29.4	40.1	18.7
Time Deposits	53.1	75	17.2
Foreign Currency Deposits	28.6	13.3	1.5

According to the latest data available from the Bank of Jamaica's quarterly report, "The measure of broad money supply that includes foreign currency deposits (M2*) recorded annual growth at February 2018 of 11.5%, a moderation relative to 25.6% in the previous year. The primary source of this deceleration was a decline in the rate of increase in foreign currency deposits to 1.5% from 25.6% a year earlier. Resulting from the slower growth in foreign currency deposits, coupled with a faster pace of growth in total deposits, the deposit dollarization ratio for commercial banks, trended downwards to 42.2% as at February 2018 from 46.4% as at February 2017."

Monthly Inflation Rate from June 2017 to June 2018





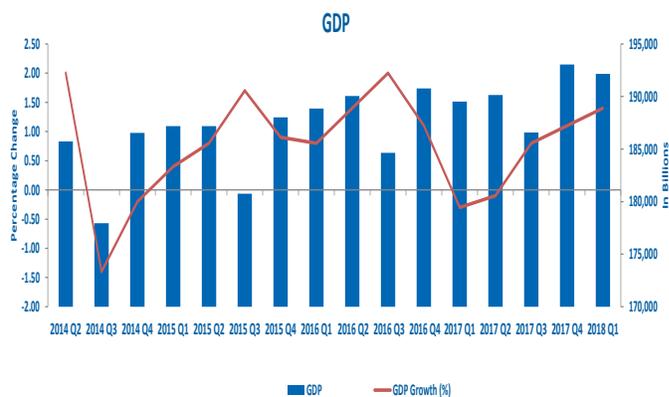
GROSS DOMESTIC PRODUCT

The latest data from the Statistical Institute of Jamaica indicates, “The Jamaican economy grew by 1.4% in the first quarter of 2018 when compared to the similar quarter of 2017”. This was due mainly to the improved performances in both the Services industries (0.9 %) and the Goods Producing industries (2.8%).

All eight Services industries recorded growth: Electricity & Water (1.0 %); Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (0.5 %); Hotels & Restaurants (1.9 %); Transport, Storage & Communication (1.4 %); Finance & Insurance Services (1.2 %); Real Estate, Renting & Business Activities (0.8 %); the Producers of Government Services (0.1 %) and Other Services (1.3 %), whilst the increase in the Goods Producing Industries was largely due to a 0.6% increase in Agriculture, Forestry & Fishing, 25.9% increase in Mining & Quarrying, 0.8% in Manufacturing and a 1.1% increase in Construction.

STATIN reports, “Growth in the Mining & Quarrying industry was due mainly to the resumption of production at the Jiuquan Iron and Steel Company (JISCO) Alpart refinery in the last quarter of 2017 and increased demand from overseas markets for crude bauxite.”

The increased performance within Manufacturing industry was influenced by the 4.0% upward movement in ‘Other Manufacturing’.



CAPITAL EXPENDITURE TO GDP

Capital Expenditure to GDP (%)



Total Expenditure for the period April 2018 to May 2018 amounted to \$87.05 billion, \$517.0 million or 0.6% less than the budgeted \$87.57 billion. Recurrent expenditure which totalled \$81.39 billion, accounted for 93.50% of overall expenditures. Relative to projections, recurrent expenditure was \$98.50 million (0.1 %) more than budgeted. Of the recurrent expenditure categories over the review period, all categories with the exception of ‘Compensation of Employees’ and ‘Wages & Salaries’ came in below budget. ‘Programmes’ which amounted to \$28.20 billion was \$520.7 million or 1.8% less than projected while ‘Employee Contribution’ which amounted to \$3.99 billion for the period was under budget by 6.6% relative to the budgeted \$4.27 billion. ‘Compensation of Employees’ which amounted to \$34.99 billion was \$84.6 million or 0.2% more than projected, while ‘Wages & Salaries’ amounted to \$31.0 billion and was \$366.3 million or 1.2% more than projected.

As a result of the increase in Revenue & Grants for the period April 2018- May 2018, the ‘Fiscal Deficit’ was \$2.46 billion, relative to a projected deficit of \$3.45 billion. Additionally, the primary balance for the period amounted to \$15.75 billion, 10.7% 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.

LABOUR FORCE

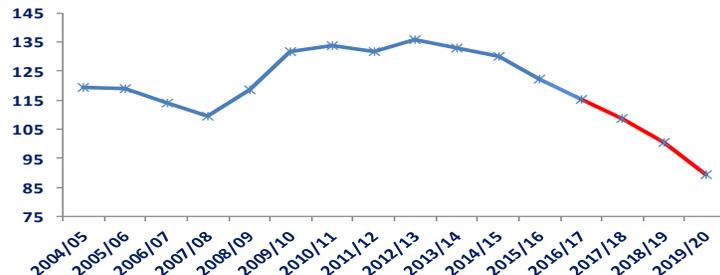
Unemployment Rate (%)	January Q1	April Q2	July Q3	October Q4
2015	14.2	13.2	13.1	13.5
2016	13.3	13.7	12.9	12.9
2017	12.7	11.3	11.3	10.4
2018	9.6			

Labour force	January Q1	April Q2	July Q3	October Q4
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
2018	1,335,100			

The Labour Force at January 2018, was 1,335,100 representing a decrease of 23,200 (1.71%) compared to 1,358,300 in January 2017. The male labour force decreased by 9,600 (1.3%) from 727,600 in January 2017 to 718,000 in January 2018. A larger decline however occurred in the female labour force by 11,600 (1.9%) from 628,700 in January 2017 to 617,100 in January 2018. The number of persons employed in January 2018 was 1,206,600 which was 22,600 (1.9%) more than the 1,184,000 recorded in January 2017. For males, employment increased by 1,900 (0.3%) over the twelve month period to 664,200 in January 2018 while female employment increased by 20,700 (4.0%) to 542,400. In January 2018, unemployment rate was 9.6%. The unemployment rate for youth continued to decline during the review period. The unemployment rate for youth 14-24 years was 23.8% in January 2018, representing a decrease of 7.4 percentage points, when compared to the rate of 31.2% in January 2017.

DEBT TO GDP

Total Debt to GDP (%)

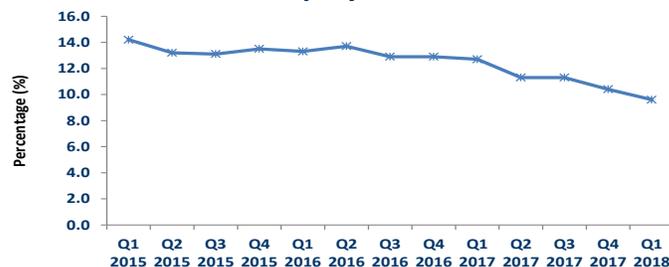


Public Debt to GDP is expected to close the fiscal year 2017/18 with a ratio of 105%, below the targeted debt levels of 111% of GDP, stated Minister Shaw in his Opening Budget Debate Presentation. Debt to GDP at the end of the FY2016/17 was 115.2%. Jamaica’s total public debt closed the fiscal year, March 2018, at \$1.94 trillion, a decrease from the \$1.96 trillion as at February 2018. 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

As part of the Memorandum of Economic and Financial Policies (MEFP), the GOJ estimates that the primary balance, as a performance criterion, should amount to \$141.1 billion by the end of the 2018/2019 fiscal year. For the June quarter, a primary balance of \$18.0 billion is estimated. As at the end of May 2018, this amounted to \$15.75 billion. Tax Revenue is expected to total an estimated \$110.0 billion by the end of the June quarter. The reported tax revenue for the end of May 2018 was \$78.66 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.

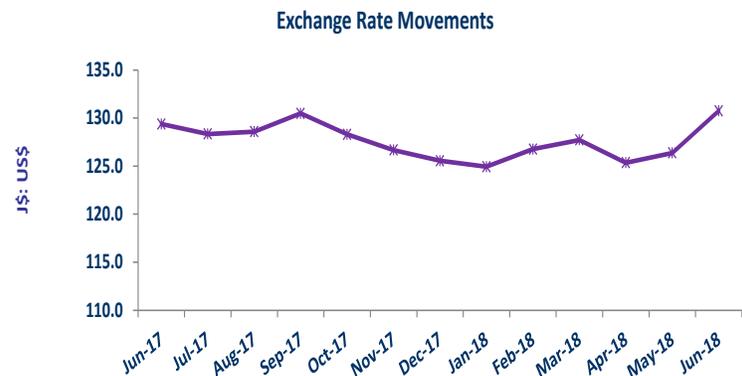
Unemployment Rate





LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of June 2018. The JMD depreciated by \$4.38 in June, to close the month at an average of \$130.76 relative to the \$126.38 recorded in May 2018. Year over year, the JMD has depreciated by approximately \$1.38 or 1.07% relative to the \$129.38 reported as at June 2017.



INTERNATIONAL FOREX

GBP/USD: The pair closed at **\$1.3207** for the month of June. According to FX Empire, “The British Sterling opened on Monday with a bearish note over weekend proceedings on Brexit talks. And current status indicates that UK-biased agreement looks highly unlikely. Brexiters have to choose between economic security or UK sovereignty. Pound Sterling enjoyed a strong end to June with a 1.0% jump against the US Dollar which took the market from sub-1.31 back above 1.32 handle, however unfavorable situations surrounding Brexit talks has led the pair back to 1.31 handle ahead of London market hours. A cabinet minister says he is “confident” his colleagues will settle their differences over Brexit at a crunch summit at Chequers on Friday. James Brokenshire said there were “strong views” on both sides but predicted the away-day would yield a “clear direction” from the UK. Ministers are under increasing pressure to spell out what type of relationship with the EU the UK should pursue. EU chiefs demanded clarity from the UK at last week’s Brussels summit. Theresa May has promised more details in a White Paper that will be published after Friday’s cabinet get-together at her official country residence.”

EUR/USD: The pair closed the month at **\$1.1684**. According to FX Empire, “The EURUSD pair which was on a steep decline across April 2018 saw range bound movement in month of June 2018 influenced by global trade war and Central bank decisions. As Trade wars hit new highs, the EURUSD pair hit new 360 day low’s testing 1.15 handle before seeing some recovery action. The first week of June saw the pair move from 1.161 handle to 1.184 handle as fears over Italian crisis ebbed down due to Italy’s League and 5-Star having finally reached an agreement to form a coalition government. Another major factor that helped push Euro higher was news of US allies taking steps to retaliate against the U.S. measures which rekindled trade war fears that had subdued around last week of April. Moving forward immediate focus remains on US non-farm payroll data with no major releases in Euro zone and EURO is likely to decline further as trading session moves into month of July.”

Int'l Currency Prices: June 1-30				
Currency Pair	Open	High	Low	Close
GBP/USD	1.3346	1.3423	1.3078	1.3207
USD/CAD	1.2951	1.3342	1.2928	1.3133
EUR/USD	1.1659	1.1800	1.1554	1.1684
USD/JPY	109.54	110.76	109.54	110.76

USD/CAD: The CAD appreciated against the USD during the month of June by 1.4% to close at \$1.3133.

OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/Maturity Date
08-Jun-18	28 Days	3.50%	N/A	Fixed	06-Jul-19
15-Jun-18	28 Days	3.50%	N/A	Fixed	13-Jul-19
22-Jun-18	28 Days	3.50%	N/A	Fixed	20-Jul-19

The Bank of Jamaica issued three Certificates of Deposits during the month of June 2018.

INTERNATIONAL ECONOMY

United States: According to the U.S. Bureau of Labour Statistics, “The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1% in June on a seasonally adjusted basis after rising 0.2% in May, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index rose 2.9% before seasonal adjustment. The indexes for shelter, gasoline, and food all rose to lead to the seasonally adjusted increase in the all items index. The food index increased 0.2% in June, with the indexes for food at home and food away from home both rising 0.2%. Despite a 0.5% increase in the gasoline index, the energy index declined 0.3%, with the indexes for electricity and natural gas both falling. The index for all items less food and energy rose 0.2% in June. The shelter index rose 0.1%, and the indexes for medical care, used cars and trucks, new vehicles, and recreation all increased. The indexes for apparel, airline fares, and household furnishings and operations all declined in June. The all items index rose 2.9% for the 12 months ending June; this was the largest 12-month increase since the period ending February 2012. The index for all items less food and energy rose 2.3% for the 12 months ending June. The food index increased 1.4%, and the energy index rose 12.0%, its largest 12-month increase since the period ending February 2017.”

EURO Zone: According to the European Union's statistics office, “The euro area (EA19) seasonally-adjusted unemployment rate was 8.4% in May 2018, stable compared with April 2018 and down from 9.2% in May 2017. This remains the lowest rate recorded in the euro area since December 2008. The EU28 unemployment rate was 7.0% in May 2018, stable compared with April 2018 and down from 7.7% in May 2017. This is the lowest rate recorded in the EU28 since August 2008. These figures are published by Eurostat, the statistical office of the European Union. Eurostat estimates that 17.207 million men and women in the EU28, of whom 13.656 million in the euro area, were unemployed in May 2018. Compared with April 2018, the number of persons unemployed decreased by 154 000 in the EU28 and by 125 000 in the euro area. Compared with May 2017, unemployment fell by 1.828 million in the EU28 and by 1.252 million in the euro area. Among the Member States, the lowest unemployment rates in May 2018 were recorded in the Czech Republic (2.3%) and Germany (3.4%). The highest unemployment rates were observed in Greece (20.1% in March 2018) and Spain (15.8%).”

Commodity: According to the World Bank, “Commodity prices were mostly higher in May, led by energy, which surged 7.4%. Non-energy commodities rose 0.1%. Grains rose 0.8%, metals and mineral 0.4%, and beverages 1.4%. Precious metals fell 2.1%, while fertilizers fell 1.1%.”

CARICOM:

Trinidad and Tobago- According to The Central Bank of Trinidad and Tobago, “On the domestic front growth in the first five months of 2018 has been concentrated in the energy sector. This is expected to spill over into non-energy activities, and there are already encouraging signs in distribution and a recovery of business credit, although construction remains sluggish. Meanwhile, headline inflation continued to be low, measuring 1.1 per cent (year-on-year) in April 2018, up from 0.8 per cent in the previous month. Private sector credit growth maintained its positive momentum, rising in April by 5.8 per cent (year-on-year). Lending continued to be driven by loans for refinancing and debt consolidation, while some rebound in business credit suggests that private sector confidence could be strengthening. Further, the commercial banks’ weighted average lending rate has been falling since December 2017 and stood at 8.15 per cent at end-March 2018. Liquidity levels trended lower but remain comfortable. Rising interest rates in the US combined with relatively stable rates domestically have pushed the TT-US yield differential on three-month Treasuries further below parity.”

Barbados- According to The Central Bank of Barbados, “The International Monetary Fund (IMF) has completed its 11-day visit to Barbados. The IMF team, which was on the island from July 2 to July 12, was headed by Bert van Selm. In a statement released by the IMF, van Selm said “The Barbadian authorities, in close consultation with their social partners, are taking effective steps to address current economic vulnerabilities. The IMF stands ready to partner with Barbados to restore macroeconomic stability in order to secure strong, durable and inclusive growth in the years ahead.” He added “Consistent with the message delivered by the Prime Minister and Minister of Finance during the Budget a second phase of measures will be needed to achieve this target. This next phase will focus on reducing expenditures—notably by improving the efficiency and effectiveness of public services, reducing government transfers to state-owned enterprises by reviewing user fees, exploring options for mergers, and providing stronger oversight.”