MAYBERRY
INVESTMENTS LIMITED

VOLUME 2 AUGUST 23, 2018

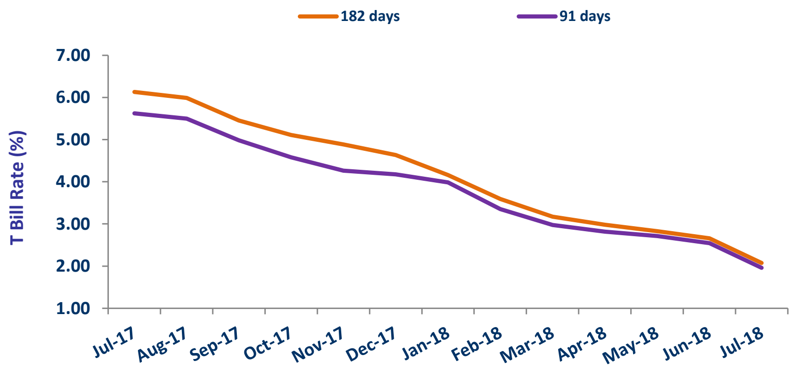
MONTHLY ECONOMIC SUMMARY

LOCAL ECONOMY

TREASURY BILL OUTTURN & PRODUCER PRICE INDEX

Treasury Bills:

For the month of July, 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$2.93 billion and J$3.33 billion for the 90-day and 180 –day treasury bills respectively. The 91-day treasury bill auction resulted in the average yield of 1.96%, down 58 basis points compared to June, whilst the 182-day treasury bill auction resulted in the average yield of 2.07%, down 58 basis points relative to June's outturn. Notably, the average yields on the 91-day decreased by 367 basis points compared to the auctions in 2017 for the comparable period. The 182-day treasury bills also declined by 406 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 increased by 0.7% for the month of June 2018 according to the Statistical Institute of Jamaica (STATIN). This upward movement resulted mainly from an increase in the major group 'Bauxite Mining and Alumina Processing' by 0.7%. The Manufacturing industry also registered an increase of 0.6% for the period under review. The main contributor to this movement was as a result of the 3.9% upward movement in the index for the major group 'Refined Petroleum Products'. This was however counterbalanced by a downward movement in the major group 'Food, Beverages & Tobacco' which fell by 0.3 per cent.

According to STATIN, "There was a 9.7% decline in the point-to-point movement in the index for the Mining & Quarrying industry for June 2017 to June 2018. Conversely, the Manufacturing industry advanced by 7.3% in its index for the corresponding period. This movement was due mainly to increases in the major groups, 'Refined Petroleum Products' (33.5%) and 'Food, Beverages & Tobacco' (1.8%) ."

"For the fiscal year-to-date, April 2018 to June 2018, the index for the Mining & Quarrying industry recorded a decline of 1.1%, while the index for the Manufacturing industry rose by 2.3%."

Stopover Arrivals by Market Region

Country	June 2018	Share %	June 2017	Share %	Change %
U.S.A.	173,109	75.5%	156,664	74.2%	10.5%
Canada	22,364	9.8%	21,080	10.0%	6.1%
Europe	24,073	10.5%	23,316	11.0%	3.2%
Latin America	2,712	1.2%	2,652	1.3%	2.3%
Caribbean	5,793	2.5%	6,122	2.9%	-5.4%
Asia	669	0.3%	688	0.3%	-2.8%
Others	541	0.2%	597	0.3%	-9.4%
Total	229,261	100.0%	211,119	100.0%	8.6%

TOURISM

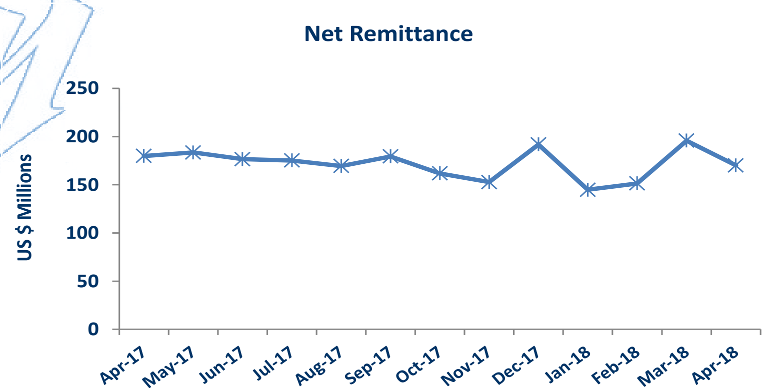
According to the latest data from the Jamaica Tourist Board, stopover arrivals in June 2018 amounted to 229,261 an increase of 8.6% when compared to 211,119 recorded June 2017.

Stopover arrivals from the U.S. market increased by 10.5% in June 2018 with a total of 173,109 arrivals compared to 156,664 arrivals in June 2017.

The Canadian market recorded an increase in arrivals of 6.1% with arrivals amounting to 22,364 relative to 21,080 in June of last year.

The European market region recorded an increase in arrivals by 3.2% to total 24,073 stopover arrivals in June 2018, relative to 23,316 recorded for June 2017.

Arrivals from Latin America recorded a growth of 2.3% with a total of 2,712 stopovers relative to 2,652 recorded in June 2017.(see Tourist Arrivals table above)



REMITTANCE

Latest data from the Bank of Jamaica (BOJ), for April 2018, showed, net remittances were US$170.1 million, a decline of US$9.8 million relative to $179.9 million reported for the corresponding month of 2017.

For the period January 2018 to April 2018, net transfers totalled US$662.1 million, relative to US$674.1 million for the corresponding period in 2016/17.

For April 2018, total inflows amounted to US$184.4 million, while outflows totalled US$14.3 million.

The largest source market of remittances to the island in April was USA with a share of 65.3%. The remaining remittances during the above mentioned month came from UK (12.5%) followed by Canada (9.5%) and Cayman Islands (6.4%).

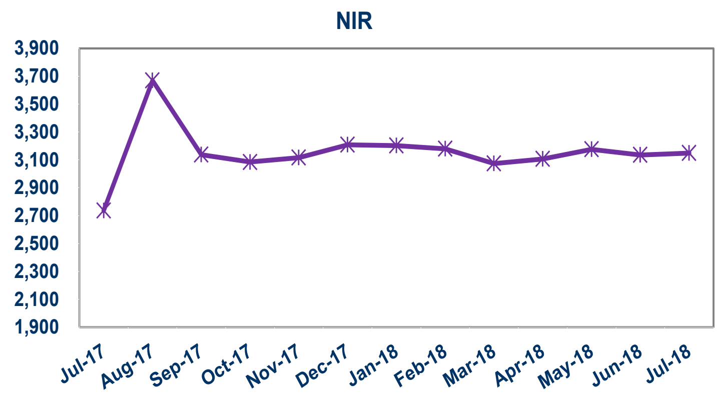
NET INTERNATIONAL RESERVES

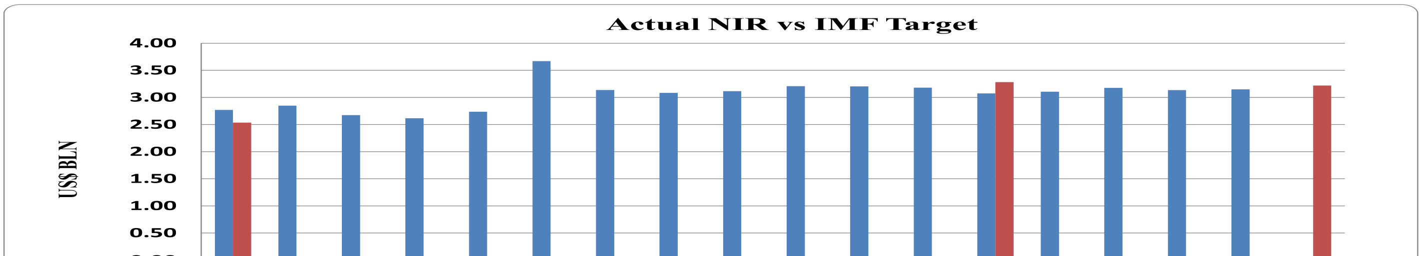
Jamaica's Net International Reserves (NIR) totaled US$3,149.48 million as at July 2018, reflecting an increase of US$13.99 million relative to the US$3,135.49 million reported as at the end of June 2018 (see figure 1).

Changes in the NIR resulted from an increase in Foreign Assets of US$13.32 million to total US$3,700.72 million compared to the US$3,687.40 million reported for June 2018. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at July 2018 totaled US$3,119.36 million reflecting an increase of US$17.56 million compared to US$3,101.80 million booked as at June 2018.

'Securities' amounted to US$320.43 million; US$3.92 million less than the US$324.35 million reported in June 2018. Foreign Liabilities for July 2018 amounted to US$551.24 million compared to the US$551.91 million reported for June 2018. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US$0.67 million decline month over month from June 2018.

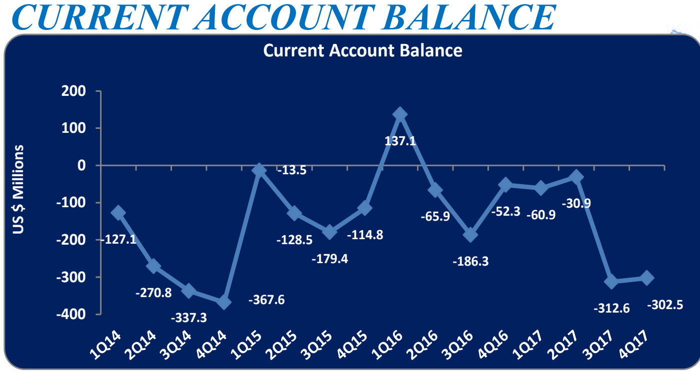
At its current value, the NIR is US$413.13 million more than its total of US$2,736.35 million as at the end of July 2017. The current reserve is able to support approximately 32.60 weeks of goods imports or 19.87 weeks of goods and services imports.





	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	Apr. 2018	May. 2018	Jun. 2018	Jul. 2018	Mar. 2019
NIR - Actual	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	3.11	3.18	3.14	3.15	
NIR (floor) - IMF Target	2.54												3.28					3.22

CURRENT ACCOUNT BALANCE



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

MONEY SUPPLY

Components of Money Supply (M2)

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

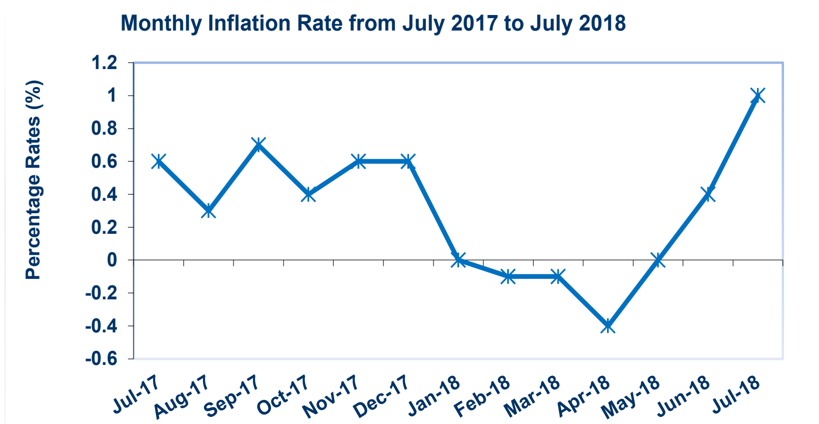
According to the latest data available from the Bank of Jamaica's quarterly report, "The measure of broad money supply that includes foreign currency deposits (M2*) recorded annual growth at February 2018 of 11.5%, a moderation relative to 25.6% in the previous year. The primary source of this deceleration 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."

CONSUMER PRICE INDEX

The consumer price index for the month of July 2018 increased 1.0%, following the 0.4% increase in June 2018, according to The Statistical Institute of Jamaica (STATIN). The Consumer Price Index for the month amounted to 250.4, relative to the 248.0 reported for June 2018. This increase was largely attributed to the movement in two divisions, 'Housing Water, Electricity, Gas and Other Fuels' up by 3.4% and 'Food and Non-Alcoholic Beverages' up by 0.9%. Inflation within the Greater Kingston Metropolitan Area and Other Urban Centres each registered an increase in their respective index of 1.0%, while the index for Rural Areas increased by 0.9%.

The index for the 'Housing, Water, Electricity, Gas and Other Fuels' division recorded a 3.4% increase in its index for July 2018, following a 1.2% upward movement for June 2018. This was a result of the groups 'Electricity, Gas and Other Fuels' and 'Water Supply and Miscellaneous Services Related to the Dwelling' registering increases of 5.8% and 1.6% respectively. According to STATIN, this movement was, "mainly impacted by increases in the rates for electricity, water and sewage." In addition, the group 'Maintenance and Repairs of the Dwelling' went up 0.2% while 'Rentals for Housing' reflected an upward moment of 0.1%. The index for the 'Food and Non-Alcoholic Beverages' division also increased with a 0.9% increase in its index for July 2018, following a 0.3% upward movement for June 2018. This resulted from the upward movements within the 'Food' and 'Non Alcoholic Beverages' groups by 0.9% and 0.2% respectively.

The Inflation rate year to date is 0.7%, while the point-to-point rate (July 2017 – July 2018) and fiscal year 2018/ 2019 was 3.2% and 1.0% respectively.



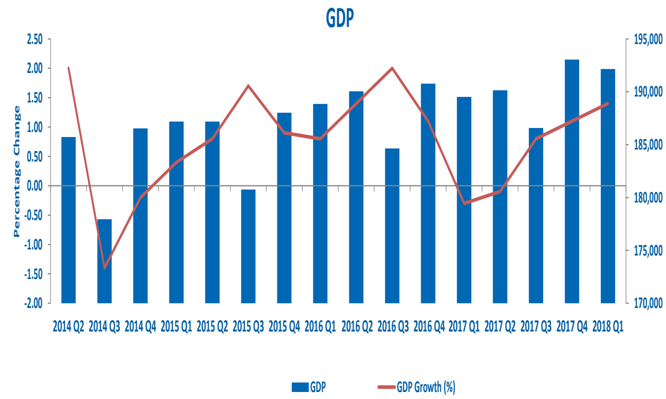
GROSS DOMESTIC PRODUCT

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%).

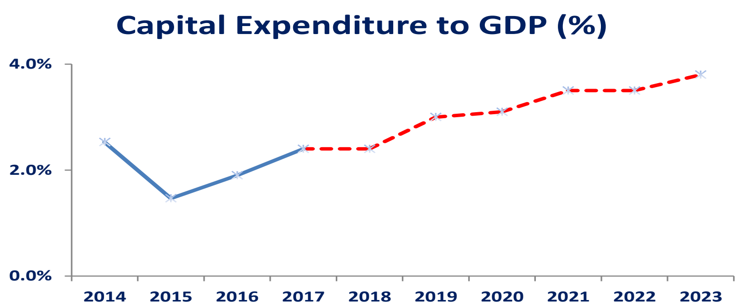
All eight Services industries recorded growth: Electricity & Water (1.0 %); Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (0.5 %); Hotels & Restaurants (1.9 %); Transport, Storage & Communication (1.4 %); Finance & Insurance Services (1.2 %); Real Estate, Renting & Business 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

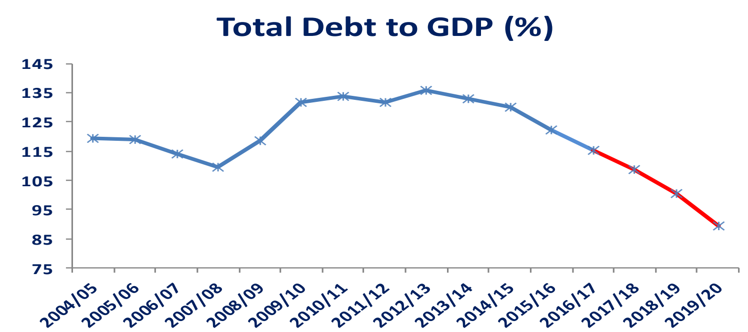


Total Expenditure for the period April 2018 to June 2018 amounted to $134.16 billion, $5.99 billion or 4.3% less than the budgeted $140.14 billion. Recurrent expenditure which totalled $121.30 billion, accounted for 90.42% of overall expenditures. Relative to projections, recurrent expenditure was $7.49 billion (5.8%) less than budgeted. Of the recurrent expenditure categories over the review period, all categories with the exception of ‘Wages & Salaries’ came in below budget. ‘Programmes’ which amounted to $45.07 billion was $3.58 billion or 7.4% less than projected while ‘Employee Contribution’ which amounted to $4.95 billion for the period was under budget by 11.4% relative to the budgeted $5.58 billion. ‘Compensation of Employees’ which amounted to $51.42 billion was $138.8 million or 0.3% less than projected, while ‘Wages & Salaries’ amounted to $46.47 billion and was $495.3 million or 1.1% more than projected.

As a result of the decrease in Expenditures for the period April 2018- June 2018, the ‘Fiscal Surplus’ was $6.52 billion, relative to a projected deficit of $57.6 billion. Additionally, the primary balance for the period amounted to $31.34 billion, 9.9% 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 closed the fiscal year, March 2018, at $1.95 trillion, and currently stands at $2.01 trillion as at June 2018. For the FY2018/19 and FY2019/20, Debt-to GDP is forecasted at fall below 100%, 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 .

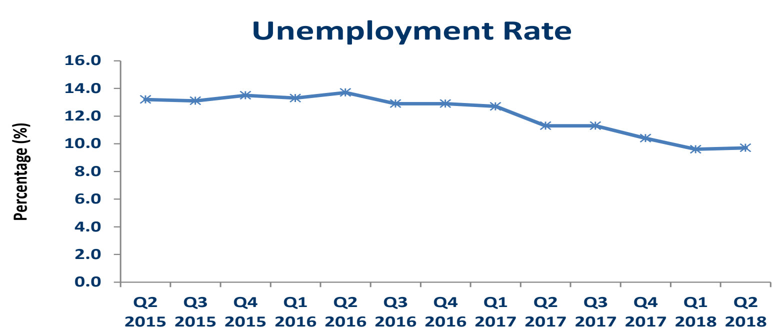
As part of the Memorandum of Economic and Financial Policies (MEFP), the GOJ estimates that the primary balance, as a performance criterion, should amount to $141.1 billion by the end of the 2018/2019 fiscal year. For the June quarter, a primary balance of $18.0 billion is estimated. As at the end of June 2018, this amounted to $31.34 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 June 2018 was $128.72 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
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	9.7		

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	1,348,400		

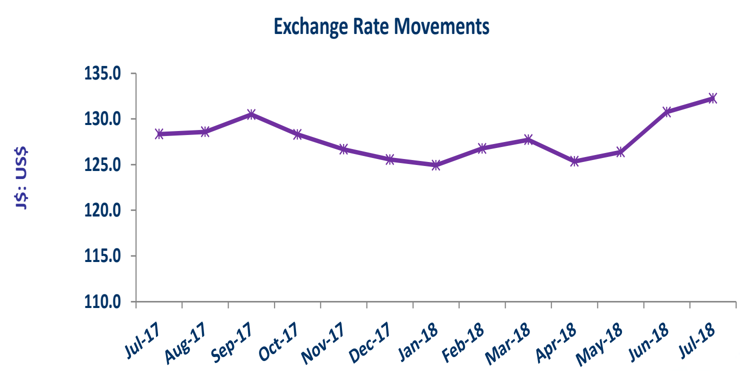


The Labour Force at April 2018, was 1,348,400 representing a decrease of 23,200 (1.69%) compared to 1,371,600 in April 2017. The male labour force decreased by 12,300 (1.7%) from 739,700 in April 2017 to 727,400 in April 2018. A similar decline occurred in the female labour force by 8,400 (1.3%) from 629,400 in April 2017 to 621,000 in April 2018. The number of persons employed in April 2018 was 1,217,300 which was 14,700 (1.2%) more than the 1,202,600 recorded in April 2017. For males, employment increased by 4,900 (0.7%) over the twelve month period to 674,100 in April 2018 while female employment increased by 9,800 (1.8%) to 543,200. In April 2018, unemployment rate was 9.7%. The unemployment rate for youth 14-24 years was 25.8% in April 2018, representing a decrease of 3.2 percentage points, when compared to the rate of 29.0% in April 2017.

FOREIGN EXCHANGE MARKET

LOCAL FOREX

The Jamaican dollar depreciated against the USD for the month of July 2018. The JMD depreciated by $1.49 in July, to close the month at an average of $132.25 relative to the $130.76 recorded in June 2018. Year over year, the JMD has depreciated by approximately $3.91 or 3.05% relative to the $128.34 reported as at July 2017.



INTERNATIONAL FOREX

GBP/USD: The pair closed at **$1.3124** for the month of June, According to FX Empire, "The GBP/USD is trading into the bearish side as the new trading week begins to unwind, and traders are remaining on edge as Brexit concerns return to the forefront. The Bank of England's (BOE) Governor, Mark Carney, stepped up recently and voiced concerns over current Brexit conditions, stating that the ever-rising odds of a hard Brexit scenario are "uncomfortably high", and UK ministers are warning that European Union leaders in Brussels are at risk of breaking their own laws if they continue to refuse to say they are remaining on negotiating ground while the UK seeks to secure trade agreements with the EU prior to the official Brexit date of March 2019. After the BOE's action that saw the UK's central bank disappoint markets with an anticipated pace of rate hikes that fell far short of expectations, this week sees a fairly muted schedule for the GBP, and broader markets will be turning their eyes to the US inflation figures due later this week, though Monday will be seeing the UK's y/y BRC Like-For-Like Retail Sales for July, which is forecast to slow to 0.4% compared to the previous period's 1.1%."

EUR/USD: The pair closed the month at **$1.1691.** According to FX Empire, "The EURUSD pair in month of July'18 saw a range bound momentum trapped within a wider price band as month long news driven market failed to provide breakout trigger and kept the pair moving in repeated triangular formation. Thus the pair could be viewed as neutral or as having made no progress in month of July. However this movement provided profit to traders of both currencies as long as they took advantage of short term news based price swings. The month of July saw major geo-political events take place such as talks on trade relations to major political events in European countries which resulted in pair moving in a range bound fashion. Moving forward investors were focused on first week of August which was full of major news release such as back to back central bank rate decisions across key economies of the globe and US NFP data which provide a bountiful volatility while also providing hints of medium term outlook for the currency pairs. "

Int'l Currency Prices:	July 1-31			
Currency Pair	**Open**	**High**	**Low**	**Close**
GBP/USD	1.3143	1.3283	1.3014	1.3124
USD/CAD	1.3186	1.3273	1.3006	1.3006
EUR/USD	1.1639	1.1751	1.1639	1.1691
USD/JPY	110.90	112.88	110.47	111.86

USD/CAD: The CAD appreciated against the USD during the month of June by 1.4% to close at $1.3006.

OPEN MARKET OPERATION

Issue Date	Tenor	Initial Coupon %	Reset Margin %	Benchmark	Interest/ Maturity Date
06-Jul-18	28 Days	3.00%	N/A	Fixed	03-Aug-18
13-Jul-18	28 Days	3.00%	N/A	Fixed	10-Aug-18
20-Jul-18	28 Days	3.00%	N/A	Fixed	17-Aug-18

The Bank of Jamaica issued three Certificates of Deposits during the month of July 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 0.2% in July on a seasonally adjusted basis after rising 0.1% in June, 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 index for shelter rose 0.3% in July and accounted for nearly 60% of the seasonally adjusted monthly increase in the all items index. The food index rose slightly in July, with major grocery store food group indexes mixed. The energy index fell 0.5%, as all the major component indexes declined. The index for all items less food and energy rose 0.2% in July, the same increase as in May and June. Along with the shelter index, the indexes for used cars and trucks, airline fares, new vehicles, household furnishings and operations, and recreation all increased. The indexes for medical care and for apparel both declined in July. The all items index rose 2.9% for the 12 months ending July, the same increase as for the period ending June. The index for all items less food and energy rose 2.4% for the 12 months ending July; this was the largest 12-month increase since the period ending September 2008. The food index increased 1.4% over the last 12 months, and the energy index rose 12.1%."

EURO Zone: According to the *European Union's statistics office*, "The euro area annual inflation rate was 2.1% in July 2018, up from 2.0% in June 2018. A year earlier, the rate was 1.3%. European Union annual inflation was 2.2% in July 2018, up from 2.1% in June. A year earlier, the rate was 1.5%. These figures are published by Eurostat, the statistical office of the European Union. The lowest annual rates were registered in Greece (0.8%), Denmark (0.9%) and Ireland (1.0%). The highest annual rates were recorded in Romania (4.3%), Bulgaria (3.6%), Hungary (3.4%) and Estonia (3.3%). Compared with June 2018, annual inflation fell in nine Member States, remained stable in six and rose in thirteen. In July 2018, the highest contribution to the annual euro area inflation rate came from energy (+0.89 percentage points, pp), followed by services (+0.64 pp), food, alcohol & tobacco (+0.49 pp) and non-energy industrial goods (+0.12 pp). "

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:

Belize- *According to The Central Bank of Belize,* "The Central Bank of Belize estimates that real GDP should grow between 1.5% and 2.0% in 2018. This expansion hinges on expectations that agricultural output will increase, the three-year decline in "Fishing" will be reversed, and tourism will continue to support broad-based growth in the tertiary sector. Output in the primary sector is projected to increase by 3.8%, supported by modest growth in "Agriculture" and "Fishing". Growth in the secondary sector is expected to contract marginally with declines in citrus juice processing and petroleum extraction outweighing increased value-added from sugar, electricity, water and construction activities. The tertiary sector is projected to grow by 2.2%, supported by growth across all major services. In 2018, inflation is expected to remain subdued in the absence of any significant tax increase. On the external front, the gross international reserves is projected to remain almost stable at 3.7 months of merchandise imports. The current account deficit should narrow from 7.7% of GDP in 2017 to 6.4% of GDP in 2018."

Barbados- *According to The Central Bank of Barbados*, "On June 1, 2018 the Government of Barbados announced the suspension of interest and amortisation payments due on its debts owed to external commercial creditors. It is envisaged that in addition to foreign currency denominated external debt, domestic obligations of the central government and guaranteed debt, inclusive of treasury bills, treasury notes, debentures, bank loans and commercial bonds, which are serviced directly out of the public purse, will also be subject to the restructuring exercise. This development resulted in varied responses in the domestic and international investor community and on June 15, 2018, the international rating agency Standard & Poor's (S&P) reduced the country's long-term foreign currency rating from (CCC+) to Selective Default (SD), as is customary when the process for a sovereign debt restructuring commences. The restructuring of the external debt immediately impacted the trading price of Government of Barbados' international bonds, which fell from an average of US$87 to US$47 and from US$91.8 to US$46.8 on its medium-term and long-term instruments, respectively.