



Economic Bulletin

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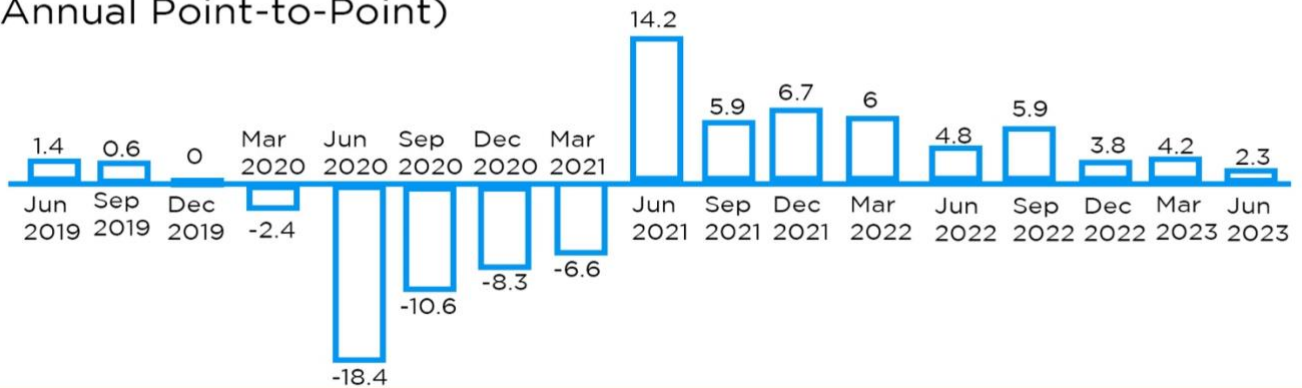


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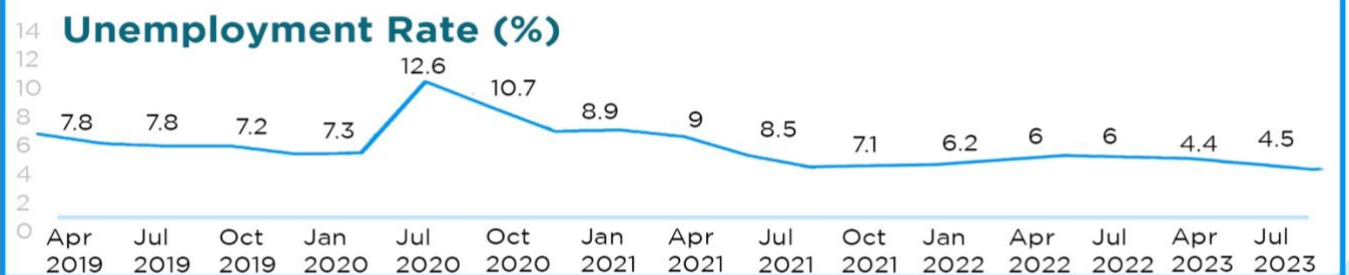
MACRO-ECONOMIC DASHBOARD

<p>2.30% GDP Growth Rate: Q2 2023</p>	<p>4.52% Unemployment Rate: July 2023</p>	<p>5.90% Inflation rate: September 2023</p>	<p>7% Policy Rate: September 2023</p>
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Jamaica's Quarterly GDP Growth (Annual Point-to-Point)



<p>USD 3,128.50 million Imports: January - May 2023 3.83% ↑ January - May 2022</p>	<p>USD 879.50 million Exports: January - May 2023 36.56% ↑ January - May 2022</p>	<p>USD 4.71 BN Net Int'l Reserves: September 2023 (US\$324.47 million monthly increase)</p>	<p>USD 97.82 million Fiscal Surplus/Deficit August 2023</p>
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Other Indicators	Corporate Tax Rate:	25%
	Commercial Credit Rate: <small>August 31, 2023</small>	9.77%
	Personal Credit Rate: <small>August 31, 2023</small>	22.56%
	Exchange Rate: <small>Depreciation as at September 2023</small>	0.04%



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Contents

DOMESTIC ECONOMIC INDICATORS	5
Inflation Rate	5
Interest Rates	6
Exchange Rate.....	6
Unemployment.....	7
OVERSEAS	8
REGIONAL	9
LATIN AMERICA	10
APPENDICES	15

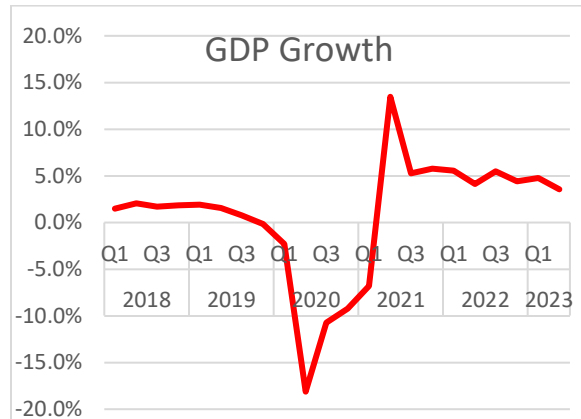


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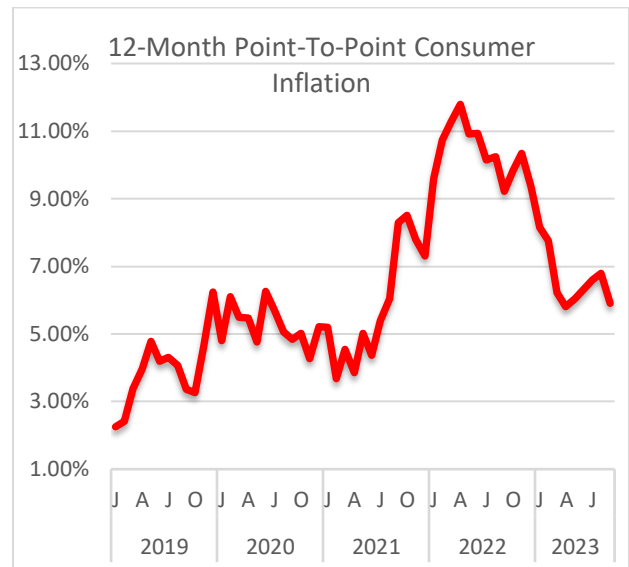
DOMESTIC ECONOMIC INDICATORS

GDP Growth



According to the Statistical Institute of Jamaica (STATIN), the local economy expanded by 2.30% year-over-year in Q2 2023, surpassing the Planning Institute of Jamaica's (PIOJ) initial estimate of 1.50%. This growth is attributed to the resumption of production at JAMALCO, increased tourist arrivals, and the consistent fiscal support, leading to the economy rebounding to its pre-pandemic levels of activity. The robust 164.2% expansion in the Mining & Quarrying sector played a pivotal role in the Goods Producing industries outperforming the services industries.

Inflation Rate



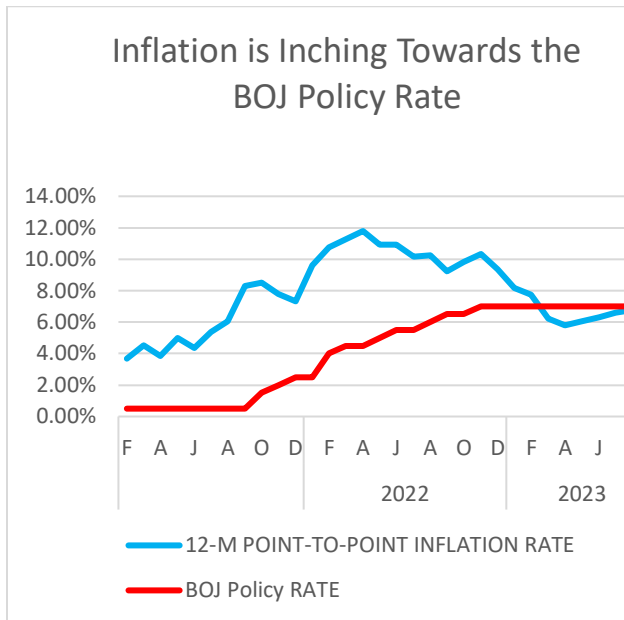
The point-to-point inflation rate for September 2023 shed 89 basis points to end at 5.90%, landing within the Bank of Jamaica's (BOJ) 4%-6% inflation target for the second time in 24 months. The primary drivers of this 12-month increase were the surges in the divisions of 'Food and Non-Alcoholic Beverages,' which saw a 9.80% increase, and 'Restaurants and Accommodations Services,' where there was a substantial 12.00% rise. Counterbalancing these increases, was a decline of 1.90% in the index for 'Housing, Water, Electricity, Gas, and Other Fuels.'



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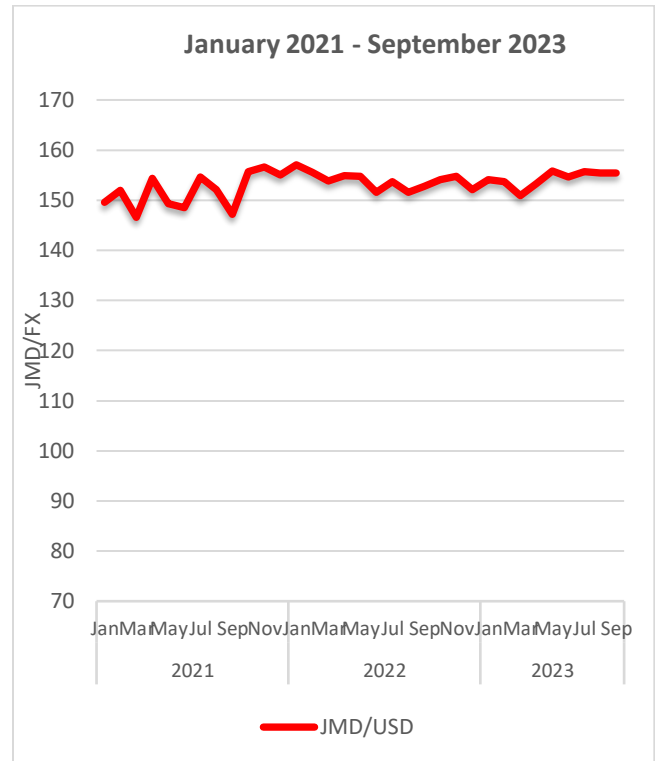


Interest Rates



Despite the recent uptick in the domestic inflation rate the BOJ Monetary Policy Committee (MPC) upheld the 7.00% Policy Interest Rate at the September 2023 meeting. The MPC meets next on November 21, 2023, and we expect the rate to remain constant. With inflation for September within the target range the rate is expected to be maintained at the next meeting.

Exchange Rate



At the end of September 2023, the Jamaican dollar depreciated by 0.04% month-over-month to the US dollar, with the weighted average selling rate (WASR) moving from \$155.4203 at the end of August to close September at \$155.4830. During September, the central bank intervened in open market operations via the BOJ Foreign Exchange Intervention Tool (B-FXITT) flash sale operations over two trading days on September 21 and 29, injecting a total of US\$52.30M into the market. Thus far in October, the BOJ has injected US\$130

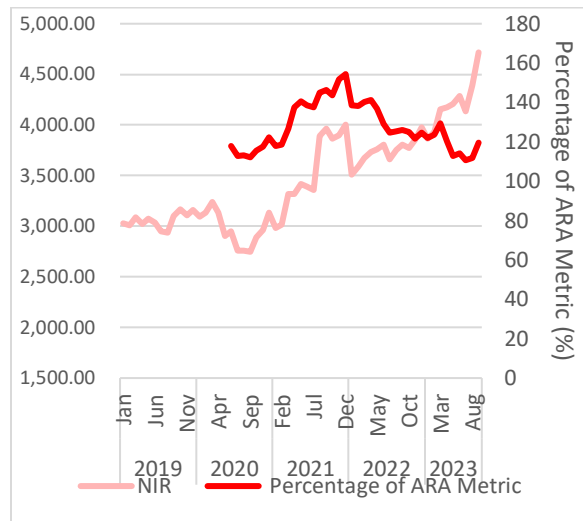


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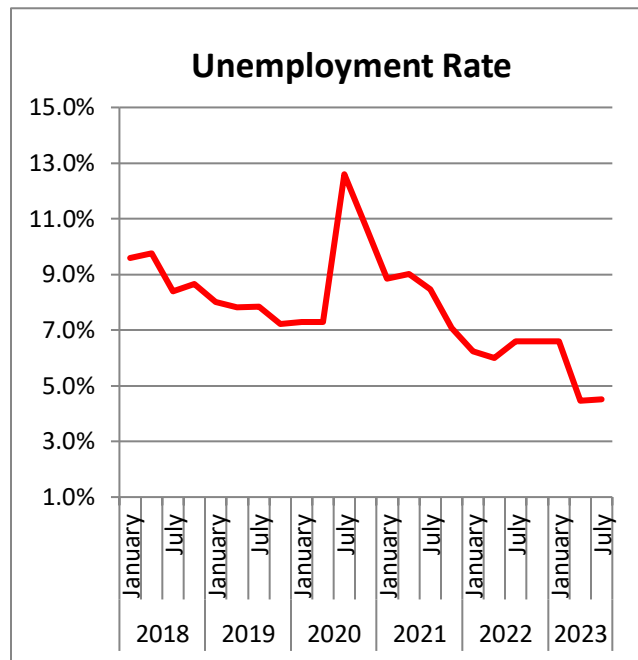
million into the FX market over four trading days on October 2, 5, 9 and 18. These interventions have helped to prevent a faster rate of depreciation of the JMD. Demand by large companies is anticipated to remain elevated to support holiday season preparation and output.

Net International Reserves



The stock of net international reserves (NIR) hit a new record high in September 2023, after experiencing a US\$324.47 million increase month-over-month to close at US\$4.72 billion. Foreign assets increased by US\$308.48 million, mainly due to a US\$306.82 million increase in currency deposits. Meanwhile, foreign liabilities decreased by US\$15.99 million, with liabilities to the IMF accounting for 100% of total foreign liabilities, which amounted to US\$130.03 million.

Unemployment



In July 2023, an additional 47,000 individuals were employed when compared to July 2022, leading to a 209bps year-over-year reduction in the unemployment rate, which came in at 4.52%. Notably, there was a rise in employment, particularly among males, in the category of 'Elementary Occupations.' Conversely, the category of 'Service Workers and Shop and Market Sales Workers' and 'Clerks' saw an increase in the number of employed females. In terms of industry, the most significant surge in employment occurred in the sectors of 'Real Estate and Other Business Services' and 'Construction.'



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International Merchandise Trade

January- May 2023	US\$ Million			
	2022	2023	Difference (2022/2023)	% Difference (2022/2023)
Expenditure on Imports	3,013.14	3,128.50	115.36	3.83%
Earnings from Exports	644.05	879.50	235.45	36.56%
Trade Balance	(2,369.09)	(2,249.00)	120.09	5.07%

Between January and May 2023, Jamaica spent a total of US\$3,128.50 million on imports, while it earned a total of US\$879.50 million from exports. This 3.83% increase in imports spending was largely attributable to higher imports of “Raw Materials/Intermediate Goods”, “Consumer Goods”, “Transport Equipment” and “Capital Goods (excl. Motor Cars)”. The growth in total exports exceeded the previous year by 36.6%, driven by substantial rises in the export of “Mineral Fuels” and “Crude Materials (excluding Fuels),” which saw increases of 17.8% and 151.5%, respectively. This ultimately caused a 5.07% increase in the Balance of Trade deficit.

From January to May 2023, the US, China, Brazil, Japan, and Trinidad and Tobago emerged as the primary nations from which Jamaica imported goods. Spending on imports from these countries saw a 3.10%

rise in comparison to the same period in 2022. This increase was primarily driven by greater imports of fuel from the Brazil and the US. On the export front, Jamaica's top five trading partners included the US, Puerto Rico, Latvia, the Russian Federation, and the UK. Exports to these countries surged by 37.30%, totaling US\$645.10 million during the period.

OVERSEAS

United States

The US Federal Reserve Federal Open Market Committee (FOMC) met in September and voted to keep the policy rate constant at its 22-year high of 5.25% - 5.50%, while indicating more hikes to come before year-end and fewer cuts than projected in 2024. The decision saw some stocks sliding and longer-term Treasury yields jumping, with analysts predicting 5% yields on the 30-year Treasury in the upcoming months. The 10-year Treasury yield, which influences mortgage rates, peaked at 4.61% during September, before closing the month at 4.59%, up from last month's close of 4.09%.

Despite increasing by 140 bps month-over-month, the Institute for Supply Management (ISM) Manufacturing PMI for September contracted for the 11th consecutive month following a 28-month period of growth. The reading came in at 49.00%, which is a slight uptick from 47.60% recorded in August and



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the highest reading since November 2022, but remained below the 50.00% threshold. Meanwhile, Economic activity in the services sector expanded in September for the ninth consecutive month as the Services PMI registered 53.60%, down 90bps below August's reading of 54.50%.

The unemployment rate missed the 3.70% consensus, to come in at 3.80% in September 2023, equaling the reading in August 2023. Noticeable job gains were in the leisure and hospitality; government; health care; professional, scientific, and technical services; and social assistance sectors. The US point-to-point inflation rate also rose 3bps in September 2023 from 3.67% in August to 3.70%. Notably, while oil prices have been climbing, the core inflation rate, which excludes food and energy, is rising even faster than the overall inflation rate. With inflation remaining above the US Fed's 2% target, market players anticipate the Fed to keep the policy rate constant in November and shift its focus to determining the length of the high interest rate period.

Existing-home sales declined 2.00% in September to a seasonally adjusted annual rate of 3.96 million and existing-home sales dropped 15.40% year-over-year. According to Lawrence Yun, the Chief Economist at NAR, "limited inventory and low housing affordability continue to hamper home sales."

China

During September 2023, the year-on-year change in the national Consumer Price Index (CPI) was flat registered no change, however the month-on-month national CPI registered a 0.2% increase. Notably, the cost of food witnessed a decline of 3.2 percent, whereas non-food items experienced a marginal increase of 0.7 percent. Consumer goods saw a decrease of 0.9 percent in their prices, while services recorded an uptick of 1.3 percent in pricing during the same period. From January to September, the national consumer price showed an average increase of 0.4 percent compared to the same period the previous year.

In September, China's manufacturing industry saw its Purchasing Manager Index (PMI) rise to 50.2 percent, marking a 0.5 percentage point increase compared to the preceding month. This upswing indicates a continued enhancement in the overall prosperity level of the manufacturing sector compared to the previous month. Overall, key economic indicators showed slight improvements for September, indicating a positive trend in the national economy's recovery with an emphasis on high-quality development.

REGIONAL

Trinidad & Tobago

The point-to-point inflation rate slowed to 4.05% in August 2023, down from 4.66% in



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July 2023. This development allowed the Central Bank of Trinidad and Tobago to keep interest rates unchanged at 3.50% in September. Inflation is expected to end 2023 below 2023, due to tighter monetary policies, and reduced international commodity prices. However, there is a potential upward risk associated with the occurrence of a stronger-than-expected El Niño, which could impact the food supply. Net official reserves ended September at US\$6.34 million, up US\$87.90 million from the previous month. Like Jamaica, the IMF reduced the growth outlook for Trinidad and Tobago from 3.20% in 2023 to 2.5% and from 2.30% in 2024 to 2.20%.

Caribbean Information and Credit Rating Services Limited (CariCRIS) has reaffirmed the sovereign issuer credit ratings awarded to the Government of Trinidad and Tobago, maintaining a rating of CariAA for both Foreign and Local Currency Ratings on its regional rating scale. CariCRIS has also upheld a stable outlook on these ratings, taking into consideration an anticipated rise in real GDP growth for 2023 and sustained albeit slower growth in 2024, the consequent expectation of a relatively stable debt to GDP ratio over the medium term, the ongoing soundness of the financial sector, the strength of Trinidad and Tobago's sovereign wealth fund in the medium term and the continued sufficiency of international reserves and import coverage.

LATIN AMERICA

Dominican Republic

In September 2023, the Central Bank of the Dominican Republic (BCRD) maintained its monetary policy interest rate (MPR) at 7.50% annually. Additionally, the rate for the permanent liquidity expansion facility (1-day Repos) remains at 8.00% annually, and the interest-bearing deposit rate (Overnight) continues at 6.25% annually. These adjustments expanded the lower range of the Central Bank's interest rate corridor, aiming to decrease financing costs for financial institutions and influence lower interest rates throughout the financial system.

The Dominican Republic has experienced a significant decrease in year-on-year inflation, dropping from a peak of 8.63% in September 2022 to 4.41% in October 2023, representing a 422-basis point reduction during this period. Core inflation, which excludes volatile components of the price basket, has also followed a downward trend, declining from 7.04% in September 2022 to 4.68% in September 2023. Projections from the Central Bank's models suggest that inflation will remain within the target range of 4.0% ± 1.0% for the remainder of 2023 and throughout 2024, under an active monetary policy scenario.

At the national level, the monthly indicator of economic activity (IMAE) showed improvement in September, with a year-on-year expansion of 3.1%. Over the period



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from January to September 2023, the average year-on-year growth reached 1.7%. This positive performance was driven by sectors such as local manufacturing, construction, commerce, transportation, and agriculture, alongside the growth in the tourism sector. The year is expected to witness increased economic activity, supported by monetary stimulus measures and higher anticipated public investment. Overall, the Dominican Republic is well-positioned to navigate the challenging international economic environment, given its robust macroeconomic fundamentals and resilient productive sectors

Mexico

During the end of the second quarter of 2023, Mexico's Gross Domestic Product (GDP) continues to experience growth, driven by expansions in the primary, secondary, and tertiary sectors. The labor market remained robust, with national and urban unemployment rates reaching their lowest levels since 2005. Labor participation and the employment-to-working-age population ratio remained notably high. Mexico's GDP has stronger-than-expected growth in Q2, with the real GDP growing at a revised rate of 3.4%. The average annual GDP growth forecast for 2023 also increased from 3.0% in August to 3.2% in September.

General inflation decreased from 7.46% to 5.71% between Q1 and Q2 of 2023, reaching 4.44% in the first half of September. This was

attributed to the reduction core inflation from 7.31% in Q2 to 5.78% in early September. Non-core inflation increased slightly, though remaining at unusually low levels, increasing from 0.13% in the first half of August to 0.48% in September.

Despite the complex inflationary outlook, the central bank opted to maintain the reference rate at 11.25% for September. These decisions considered the significant monetary policy adjustments made between June 2021 and March 2023, raising the interest rate from 4.00% to 11.25%. The Bank of Mexico anticipates keeping the reference rate unchanged for an extended period to continue the downward trajectory of inflation toward its target of 3%, expected to be achieved by the second quarter of 2025.

Colombia

The Central Bank of Colombia maintained the monetary policy interest rate unchanged at 13.25% effective August 3, 2023. The central bank decided to maintain this rate given the favorable decrease in the inflation rate and inflation expectations. Additionally, annual inflation in September decreased to 10.99% from 11.4% in August. These improvements have led to the inflation levels and expectations to reduce to within the target, as evidenced by the inflation expectation for 2024, which has been decreased to 3.0%. Additionally, core inflation (excluding food and regulated items) has reduced from 10.5% in June, standing at



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an annual 9.9% in August. Consequently, there was a slight increase in the growth forecast for 2023 from 0.9% to 1.2%.

Despite showing signs of a possible slowdown, the labor market continues to perform well. The national aggregate unemployment rate continues to fall, as in August unemployment decreased to 9.28% from 9.3% in June. The Colombian peso has continued to appreciate, returning to levels not seen since mid-2022. The appreciation of the peso has occurred against a backdrop of lower country risk premiums, to a far greater degree than those observed in other regional economies.

Peru

The Central Reserve Bank of Peru (BCRP) reduced the reference rate to 7.25 percent. This decision was influenced by a slight 0.02 percent month-on-month increase in inflation for September. Additionally, core inflation experienced a 0.13 percent rise. However, year-on-year inflation decreased from 5.6 percent in August to 5.0 percent in September, and core inflation also dropped from 3.8 percent in August to 3.6 percent in September. Despite the decreasing trend for 2023, both indicators remain above the upper limit of the inflation target range.

The leading and expectations indicators for economic activity in September deteriorated relative to the previous month, with most of them being pessimistic. The shocks derived from social conflicts and the coastal El Niño have had a greater than expected impact on economic activity and domestic demand.

Sources: Statistical Institute of Jamaica (STATIN), Bank of Jamaica (BOJ), Planning Institute of Jamaica (PIOJ), Bloomberg, International Monetary Fund (IMF), Observer, Gleaner, US Bureau of Labour Statistics, US Census Bureau, Institute for Supply Management, National Association of Realtors, Central Bank of Barbados, National Bureau of Statistics of China, Central Bank of the Dominican Republic (BCRD), Banco de Mexico, Banco de la República Colombia, Central Reserve Bank of Per

Israel-Hamas War

The cause of the conflict between Israel and Hamas may be uncertain, but the humanitarian and economic consequences, if the situation escalates, are more apparent. In the two weeks following Hamas's attacks on major Israeli cities, there have been numerous casualties and displacements, with severe damage to healthcare, education, and water supply facilities. Although the U.S. president's visit to Israel didn't resolve the conflict, it did achieve several milestones, including providing \$100 million in aid to the Palestinians, persuading Israel to permit humanitarian assistance into Gaza, and convincing the Egyptian President to open a crucial land crossing into southern Gaza.

It's worth noting that these nations are not major global exporters, so the risk of inflation for the global economy is generally low. Unlike the Russia-Ukraine war in 2022, the conflict is not expected to have a direct impact on supply chains or fuel production. However, the yields on U.S. 10-year Treasuries have crossed the 5% threshold for the first time since 2007 in trading. This



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could lead to repercussions in the US equities market, higher lending rates in the US, and an appreciation of the US dollar, as investors in the conflict-affected region seek safer investments. Locally, this is a significant concern for the domestic economy, as a stronger USD could widen the current account deficit and slow down the pace of deceleration of the inflation rate.



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APPENDICES

Local Statistics	Actual [^]						Projections / Targets*	
	2023							
	May	June	July	Aug	Sep	Oct	Nov	Dec
Inflation, Monthly (%)	0.63	1.01	1.00	1.07	0.53	0.68*	0.48	0.30
Inflation, 12-Month Pt to Pt (%)	6.04	6.32	6.60	6.79	5.90	5.02*	5.04	5.44
91-Day T-Bill Yield (%)	7.82	7.86	7.79	7.75	7.73	7.79	7.75	7.60
182-Day T-Bill Yield (%)	7.97	7.89	7.80	7.80	7.81	7.79	7.85	7.95
273-Day T-Bill Yield (%)	8.00	8.00	8.42	9.00	9.00	9.00	9.00	8.90
BOJ Overnight Rate (%)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
J\$/US\$ WA Sell Rate	155.83	154.62	155.63	155.42	155.48	155.62~	155.00	156.25
J\$/C\$ WA Sell Rate	115.22	117.52	118.87	114.86	115.24	118.14~	115.68	119.28
J\$/£ WA Sell Rate	193.32	197.24	200.41	197.87	190.47	191.66~	192.21	196.88
J\$/€ WA Sell Rate	170.93	171.42	174.99	171.73	167.08	167.83~	167.41	175.00
Net Remittances (US\$M)	272.90	267.90	283.90	285.00*	265.00*	260.00*	255.00	290.00
Net International Reserves (US\$M)	4,208.73	4,283.47	4,135.21	4,392.10	4,716.57	4,650.00*	4,600.00	4,705.00
Revenue & Grants (J\$M)	69,521.3	76,669.9	74,127.0	66,773.1	70,000*	70,000*	70,000*	80,000*
Expenditure (J\$M)	69,933.9	72,873.8	77,796.9	81,899.9	80,000*	80,000*	80,000*	90,000*
Fiscal Balance (J\$M)	(412.6)	3,796.1	(3,669.9)	(15,126.8)	(10,000)*	(10,000)*	(10,000)*	(10,000)*

*Projections/Budget

[^]Actual

~ Actual as at October 19, 2023



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International Commodity Prices and Statistics of Key International Economies	Actual						Projections*	
	2023						2024	
	May	June	July	Aug	Sep	Oct	Q4	Q1
Avg. W Texas Intermediate Crude Oil Price (US\$)	71.62	70.27	76.03	81.32	89.43	85.80*	86.46	83.20
Gold (\$/oz)	1,962.90	1,929.40	1,970.50	1,965.90	1,848.63	1,890.00*	1,930.00	1,964.00
Statistics of Key International Economies								
United States								
Probability of Recession (%)	65	60			55		N/A	
Real GDP Growth YOY (%)	2.40	2.40*			1.90		1.30	
Inflation, 12-Month Pt to Pt (%)	4.05	2.97	3.18	3.67	3.70	3.80*	3.20	2.90
Target Federal Funds Rate (%)	5.25	5.25	5.50	5.50	5.50	5.50*	5.55	5.45
3-Month T-Bill Rate (%)	5.39	5.28	5.40	5.44	5.45	N/A	N/A	N/A
3-Month LIBOR (%)	5.52	5.55	5.63	5.66	5.66	N/A	5.40	5.24
10-Year Treasury Yield (%)	3.64	3.83	3.96	4.11	5.04	N/A	4.05	3.87
Unemployment Rate (%)	3.70	3.60	3.50	3.80	3.80	3.80*	3.90	4.10
DJIA	32,908.27	34,407.60	35,559.53	34,721.91	33,507.50	N/A	N/A	N/A
United Kingdom								
Probability of Recession (%)	60	75			60		N/A	
Real GDP Growth YOY (%)	0.20	0.00*			0.00		0.00	
Inflation, 12-Month Pt to Pt – CPI (%)	8.69	7.96	6.86	6.66	6.62	6.00*	4.60	4.20
Inflation, 12-Month Pt to Pt – RPI (%)	11.33	10.71	9.00	9.10	8.86	8.50*	6.00	5.30
Bank Rate (%)	4.50	5.00	5.00	5.25	5.25	5.25	5.30	5.30
3-Month T-Bill Rate (%)	4.74	5.28	5.45	5.53	5.34	N/A	N/A	N/A
3-Month LIBOR (%)	4.88	5.39	5.52	5.58	5.41	N/A	5.30	5.29
10-Year Government Bond Yield (%)	4.18	4.39	4.31	4.36	4.44	N/A	4.11	3.96
FTSE 100	7,446.14	7,531.53	7,699.41	7,439.13	7,608.08	N/A	N/A	N/A
Canada								
Probability of Recession (%)	53	40			35		N/A	
Real GDP Growth QOQ (%)	(0.20)	0.40*			0.40		0.50	
Inflation, 12-Month Pt to Pt (%)	3.36	2.81	3.27	4.00	3.80	3.55*	3.20	3.30
Target Overnight Rate (%)	4.50	4.75	5.00	5.00	5.00	5.00*	5.00	5.00
3-Month T-Bill Rate (%)	4.65	4.92	5.06	5.14	5.13	N/A	N/A	N/A



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International Commodity Prices and Statistics of Key International Economies	Actual						Projections*	
	2023							2024
	May	June	July	Aug	Sep	Oct	Q4	Q1
10-Year Government Bond Yield (%)	3.19	3.27	3.50	3.56	4.03	N/A	3.50	3.35
S&P/TSX	19,572.24	20,155.29	20,626.64	20,292.62	19,541.27	N/A	N/A	N/A
Trinidad & Tobago								
Inflation, 12-Month Pt to Pt (%)	5.69	5.77	4.66	4.05	4.00*	3.80*	N/A	
Policy Rate (%)	3.50	3.50	3.50	3.50	3.50*	3.50*		
3-Month Treasury Bill Rate (%)	0.80	0.80	0.90	0.90	0.90	0.90*		
7-Year Government Bond Yield (%)	5.86	5.83	6.41	6.43	6.26	6.30		
T&T Stock Exchange Index	1,258.82	1,216.36	1,247.87	1,220.39	1,209.63	N/A		
Barbados								
Inflation, 12-Month Pt to Pt (%)	10.93	10.62	10.00*	9.90*	9.75*	9.70*	N/A	
Policy Rate (%)	0.15	0.15	0.15	0.15	0.15*	0.15*		
3-Month Treasury Bill Rate (%)	0.50	0.50	0.50	0.50*	0.50	0.50*		
9-Year Government Bond Yield (%)	7.65	7.62	7.79	7.88	7.70	7.78		
Barbados Stock Exchange Index	2,537.18	2,542.57	2,623.43	2,666.93	2662.07	N/A		

* Projections are taken from Bloomberg survey of economists as of October 18, 2023



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