



Economic Bulletin

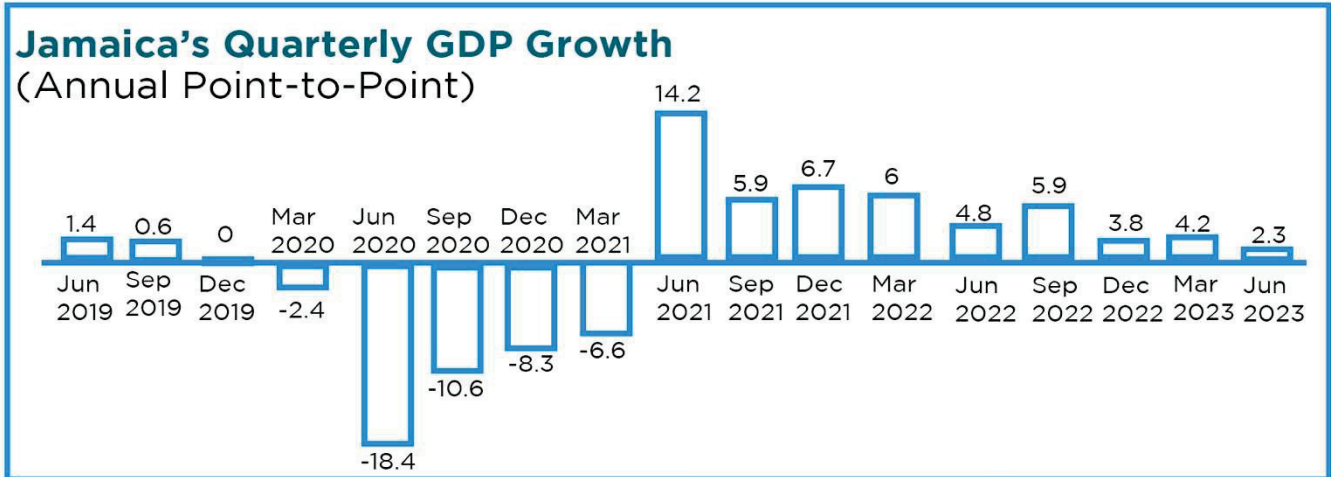
POWERED BY



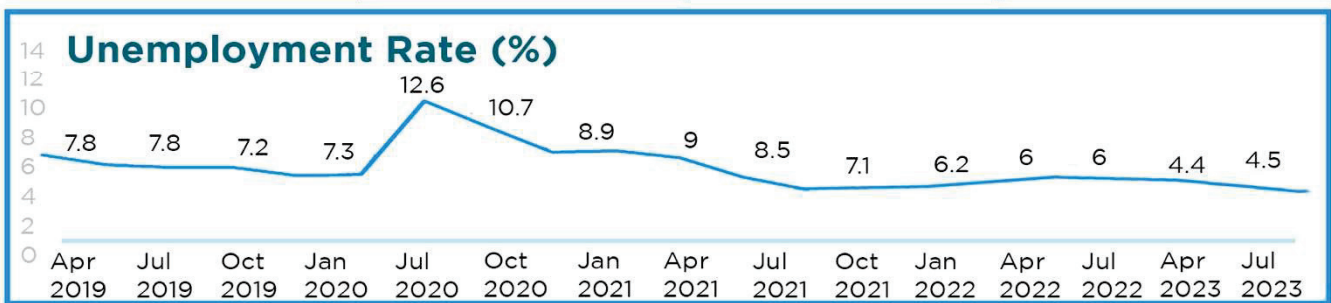
Stay Informed | Stay Ahead

MACRO-ECONOMIC DASHBOARD

<p>2.30% GDP Growth Rate: Q2 2023</p>	<p>4.52% Unemployment Rate: July 2023</p>	<p>5.10% Inflation rate: October 2023</p>	<p>7% Policy Rate: October 2023</p>
--	--	--	--



<p>USD 3,744.02 million Imports: January - June 2023 0.61% ↑ January - June 2022</p>	<p>USD 1042.42 million Exports: January - June 2023 29.37% ↑ January - June 2022</p>	<p>USD 4.61 BN Net Int'l Reserves: October 2023 (US\$102.30 million monthly decrease)</p>	<p>USD 37.94 million Fiscal Surplus/Deficit September 2023</p>
---	---	--	---



Other Indicators

Corporate Tax Rate:	25%
Commercial Credit Rate: <small>September 30, 2023</small>	9.80%
Personal Credit Rate: <small>September 30, 2023</small>	22.74%
Exchange Rate: <small>Depreciation as at October 2023</small>	0.38%



POWERED BY



Contents

DOMESTIC ECONOMIC INDICATORS 5

 Inflation Rate..... 5

 Interest Rates 5

 Exchange Rate..... 6

 International Merchandise Trade..... 7

OVERSEAS 8

REGIONAL 9

LATIN AMERICA 10

APPENDICES 14



POWERED BY



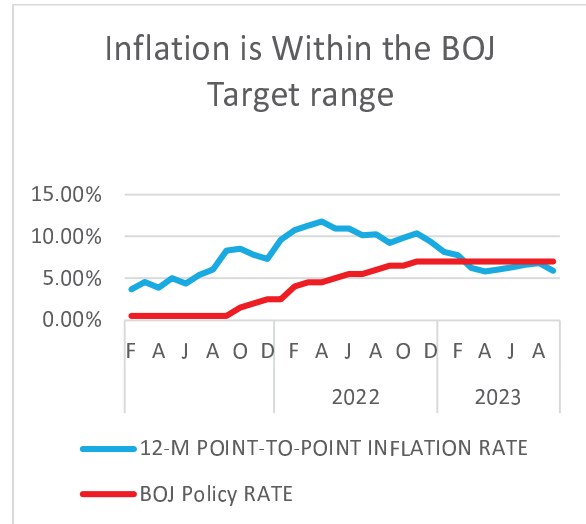
DOMESTIC ECONOMIC INDICATORS

Inflation Rate



The point-to-point inflation rate for October 2023 shed 80 basis points to end at 5.10%, landing within the Bank of Jamaica’s (BOJ) 4%-6% inflation target for the third time in 24 months. The primary drivers of this 12-month increase were the surges in the divisions of 'Restaurants and Accommodations Services,' where there was a substantial 13.10% rise, 'Furnishings, Household Equipment and Routine Household Maintenance,' which jumped 10.80% and 'Food and Non-Alcoholic Beverages,' which saw a 8.30% increase. Counterbalancing these increases, was a decline of 3.50% in the index for 'Housing, Water, Electricity, Gas, and Other Fuels.'

Interest Rates



With no BOJ Monetary Policy Committee (MPC) meeting in October, the policy interest rate remained constant at 7.00%. The MPC meets next on November 21, 2023, and we expect the rate to remain constant.

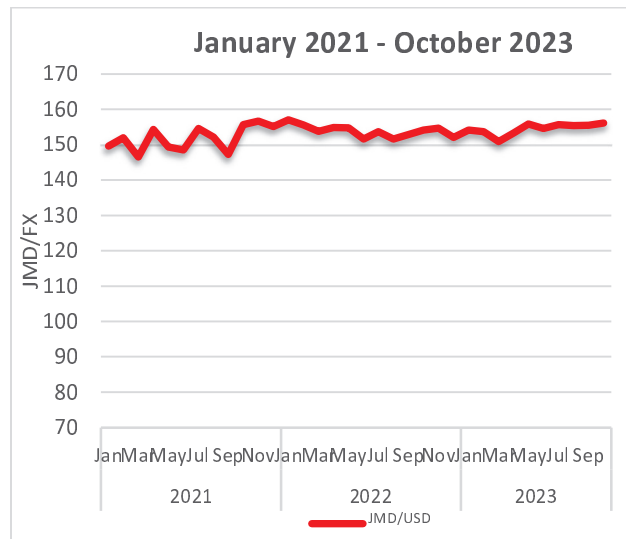
The Treasury Bill auctions in November produced mixed yields. The average yield on the 91-day and 182-day tenors increased by 16 and 63 basis points each to end at 7.91% and 8.42%, respectively. Meanwhile, the average yield on the 273-day tenor decreased by 57 basis points to 8.43%



POWERED BY



Exchange Rate



In November, the BOJ removed the absolute limits on the foreign currency net open positions (FXNOP). FXNOP assesses the exposure of a company to changes in foreign exchange rates. It represents the difference between a company's foreign currency assets and its foreign currency liabilities. A positive FXNOP indicates that a company has more foreign currency assets than liabilities, suggesting a potential gain if the JMD strengthens against foreign currencies. On the other hand, a negative FXNOP suggests more foreign currency liabilities than assets, exposing the company to potential losses if the JMD weakens. Following the removal, the BOJ has intervened twice on November 7-8, injecting a total of US\$50M via the B-FXITT.

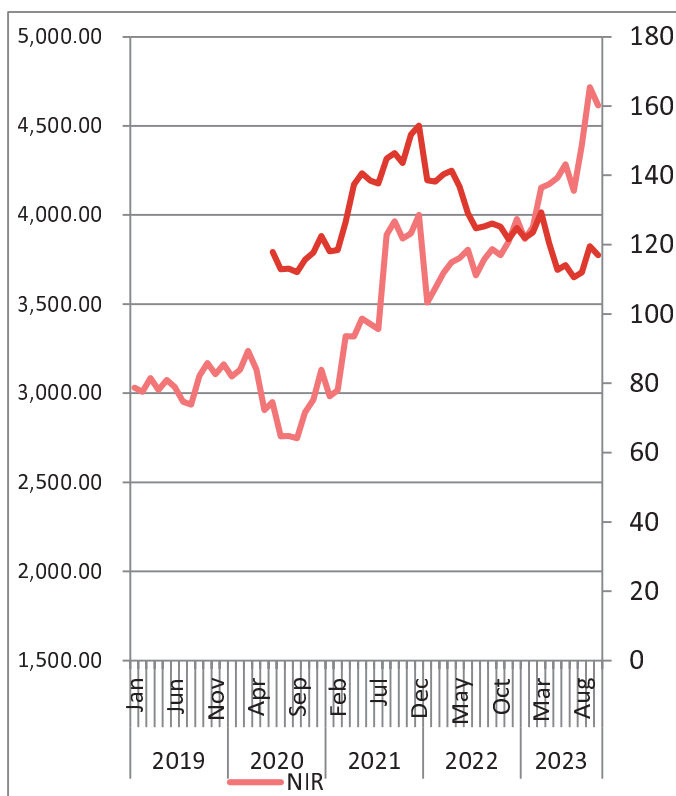
In October, the Jamaican dollar depreciated by 0.38% month-over-month to the US dollar, with the weighted average selling rate (WASR) moving from \$155.48 at the end of September to close October at \$156.08. During the month, the central bank intervened in open market operations via the BOJ Foreign Exchange Intervention Tool (B-FXITT) flash sale operations on six trading days, October 2, 5, 9, and 18-20, injecting a total of US\$169.25M into the market, which helped to prevent a larger rate of depreciation of the JMD. Demand by large companies is anticipated to remain elevated to support holiday season preparation and output.



POWERED BY



Net International Reserves



The stock of net international reserves (NIR) dipped from its record high in October 2023, after experiencing a US\$102.30 million decrease month-over-month to close at US\$4.61 billion. Foreign assets decreased by US\$3104.56 million, mainly due to a US\$98.32 million decrease in currency and deposits. Meanwhile, foreign liabilities also decreased by US\$2.27 million, with liabilities to the IMF accounting for 100% of total foreign liabilities, which amounted to US\$127.76 million.

International Merchandise Trade

January – June 2023	US\$ Million			
	2022	2023	Difference (2022/2023)	% Difference (2022/2023)
Expenditure on Imports	3,721.35	3,744.02	22.67	0.61%
Earnings from Exports	805.76	1,042.42	236.66	29.37%
Trade Balance	(2,915.59)	(2,701.60)	213.99	7.34%

Between January and June 2023, Jamaica spent a total of US\$3,744.02 million on imports, while it earned a total of US\$1,042.42 million from exports. This 0.61% 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)”. Total export earnings exceeded the previous year by 29.37%, driven by substantial rises in the export of “Crude Materials (excluding Fuels)” and “Mineral Fuels,” which saw increases of 123.70% and 10%, respectively. This ultimately caused a 7.34% improvement in the Balance of Trade deficit.

From January to June 2023, the US, China, Brazil, Colombia and Japan emerged as the primary nations from which Jamaica imported goods. Spending on imports from these countries saw a 2.40% rise in



POWERED BY



comparison to the same period in 2022. This increase was primarily driven by greater imports of fuel from 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 23.60%, totaling US\$737.00 million during the period, supported by higher alumina exports.

OVERSEAS

United States

Estimates from the US Bureau of Economic Analysis indicates that real GDP grew at an annual rate of 4.90% in Q3 2023. This is an improvement from the 2.10% growth recorded in Q2 2023. The growth in real GDP was driven by increases in various sectors, including consumer spending, private inventory investment, exports, state and local government spending, federal government spending, and residential fixed investment. However, this growth was partly offset by a decrease in non-residential fixed investment.

In October, the Institute for Supply Management (ISM) Manufacturing PMI indicated further contraction, with a reading of 46.70%, down by 230 basis points from September's 49.00%. This marks the 12th consecutive month of contraction following a 28-month period of growth. Conversely, economic activity in the services sector continued to expand for the 10th consecutive

month in October, as indicated by the Services PMI registering 51.80%, a slight decrease of 180 basis points from September's reading of 53.60%.

The unemployment rate in October 2023 came in at 3.90%, 10 basis points above the previous month. Job growth was observed in the healthcare, government, and social assistance sectors, while employment in manufacturing decreased due to strike activity. The point-to-point inflation reading for October came in at 3.20%, a 50-basis point reduction from the 3.70% recorded in September. Existing home sales declined by 2.00% in September, with a seasonally adjusted annual rate of 3.96 million, representing a 15.40% year-over-year drop. The Chief Economist at NAR, Lawrence Yun, attributes this decline to limited inventory and low housing affordability continuing to hinder home sales. As labour market conditions soften and the inflation rate cools, the Fed maintained the policy rate at its 22-year high of 5.25% - 5.50% at the Federal Open Market Committee (FOMC) meeting on November 1, 2023. This has seen a turnaround in the US equities market, as the S&P 500 Index is up 17.89% year-to-date, the Nasdaq Composite is up 35.885 and the Dow Jones Industrial Average up 5.46%.

Moody's Investors Service downgraded the outlook on US Government ratings from stable to negative, while maintaining the long-term issuer and senior unsecured ratings at Aaa. The primary reason for this



POWERED BY



**VM Wealth
Management**
Limited

change is Moody's assessment that the downside risks to the fiscal strength of the US have increased and may no longer be fully balanced by the sovereign's unique credit strengths. With the backdrop of rising interest rates, Moody's anticipates that the fiscal deficits in the US will persist at substantial levels, significantly undermining debt affordability.

China

For the month of October 2023, the year-on-year national Consumer Price Index (CPI) decreased by 0.2%, similar to the month-on-month national CPI which registered a 0.1% decrease. Notably, the cost of food experienced a marginal decline of 0.8%, whereas non-food items remained flat. The price of consumer goods also decreased of 0.1%, similar to services which recorded a decline of 0.1% in pricing during the same period. From January to October, the national consumer price showed an average increase of 0.4% compared to the same period the previous year.

In October, China's manufacturing industry experienced a decrease in its Purchasing Manager Index (PMI) to 49.5%, marking a 0.7 percentage point decline compared to the preceding month. This decline indicates a fall in the climate level of the industry as it moves into the contraction range. Overall, China's national economy sustained a good momentum for October, a continued positive trend towards economic recovery.

REGIONAL

Trinidad & Tobago

The point-to-point headline inflation rate slowed to 3.90% in September 2023, down from 4.05% in August 2023. The government's monetary policy decisions, particularly the decisions to maintain and not increase interest rates and to support the exchange rate, created the conditions for a consistent decline in inflation. This pattern of decline allowed the Central Bank of Trinidad and Tobago to keep interest rates unchanged at 3.50% going into October 2023. Inflation is projected to continue its decline for 2023, with an estimated rate of 3.4% for 2024 and 2025. The growth outlook for Trinidad and Tobago also increased from 2.5% to 2.7% for 2023, with broadly similar growth rates for 2024 and 2025.

Additionally, S&P Global has revised the country's investment credit rating outlook from 'negative' to 'stable', and Moody's Investors Services has moved the outlook upwards from 'stable' to 'positive'. Through Moody's rating it was highlighted that the positive outlook reflects improved prospects that the country's fiscal consolidation momentum triggered by energy price windfall gains will be more sustained than projected in its baseline scenario. The Caribbean Information and Credit Rating Services Limited (CariCRIS), a regional rating agency, has also maintained Trinidad & Tobago's "high creditworthiness" rating.



POWERED BY



**VM Wealth
Management**
Limited

LATIN AMERICA

Dominican Republic

In October 2023, the Central Bank of the Dominican Republic (BCRD) announced a reduction in its monetary policy interest rate (MPR) by 25 basis points, setting it at 7.25% annually. This adjustment comes in the wake of a notable decline in year-on-year inflation, which fell from 8.24% in October 2022 to 4.35% in October 2023, marking a significant 389-basis point reduction. Core inflation, which filters out the volatile elements of the consumer price basket, has similarly trended downward, decreasing from 6.86% in October 2022 to 4.58% in October 2023. According to the Central Bank's forecasts, inflation is expected to stabilize within the target range of 4.0% \pm 1.0% for the remainder of 2023 and into 2024, assuming continued proactive monetary policy measures.

From January to October 2023, the Dominican Republic experienced an average year-on-year growth of 1.9%, indicating a consistent upward trajectory in national economic growth. The year is poised for an upswing in economic activity, bolstered by the Central Bank's monetary stimulus initiatives and an increase in projected public investment.

Overall, the Dominican Republic appears well-equipped to handle the complexities of the current international economic landscape, supported by solid

macroeconomic foundations and resilient productive sectors.

Mexico

In September, Mexico's average annual GDP growth projection for 2023 was maintained at 3.2%, with a forecast of 2.6% for 2024. This resilience in consumption is fueled by increases in real wages, employment, and a lower saving rate among higher-income deciles. Formal employment is expected to remain robust in 2023, with an optimistic outlook extending into 2024. The labor market is projected to stay strong throughout the year, supporting the overall wage bill. Both labor participation and the employment-to-working-age population ratio have consistently been high.

In terms of inflation, there was a decrease from 4.45% in September 2023 to 4.26% in October 2023. This decline is primarily attributed to a drop in core inflation from 7.31% in Q2 to 5.5% in October. It is anticipated that both headline and core inflation rates will fall below 4.0% by Q2 2024, with end-of-year forecasts for 2023 indicating a continued downward trend.

In response to these trends, the Bank of Mexico decided to keep the reference rate steady at 11.25% as of November 2023. The central bank plans to maintain this rate for an extended period to facilitate the continued reduction of inflation towards its target of 3%,



POWERED BY



which is expected to be achieved by the second quarter of 2025.

Colombia

The Central Bank of Colombia has decided to keep the monetary policy interest rate steady at 13.25%, effective August 3, 2023. This decision aims to sustain low and stable inflation rates and to achieve the optimal sustainable output and employment levels by the end of 2023. Inflation is projected to decrease to 9.7% and continue its downward trend through 2024, reaching 5.4% by December. This positive trend has brought inflation levels and expectations closer to the target range, as highlighted by the revised 2024 inflation expectation, now set at 3.0%. As a result, there has been a modest upward revision in the economic growth forecast for 2023, from 0.9% to 1.2%, with a projected growth rate of 1.5% for 2024.

Economic activity in Colombia remains robust, with unemployment rates hitting historic lows of 9.28% as of August 2023, amidst strong labor force participation. However, sectoral performance has been uneven, marked by stagnation or contraction in the primary and secondary sectors, contrasted by expansion in the tertiary sector. The Colombian peso has exhibited a trend of appreciation to the US dollar, with an accumulated 15.1% appreciation year-on-year compared to December 2022, returning to levels last observed in mid-2022.

Peru

In October 2023, the Central Reserve Bank of Peru (BCRP) reduced its reference rate by 25 basis points to 7.00%. This monetary policy adjustment reflects a modest 0.32% month-on-month decrease in inflation for October, while core inflation saw a slight increase of 0.22%. On an annual basis, inflation dropped from 5.0% in September to 4.34% in October, and year-on-year core inflation also decreased from 3.6% to 3.32%. However, both indicators remain above the upper limit of the BCRP's inflation target range. The unemployment rate however increased to 6.73% as at September 2023 from 6.64% in August of the same year.

The BCRP anticipates that the downward trend in year-on-year inflation will persist, aligning with the target range by early 2024. This projection is based on an expected moderation of various international price pressures, a reversal of recent agricultural supply shocks, and a decrease in inflation expectations. Notably, indicators of economic activity and expectations for October have shown a decline compared to the previous month, with most remaining in negative territory. The Peruvian economy and domestic demand continue to face challenges from social unrest and the effects of the coastal El Niño phenomenon, which have had a more significant impact than initially anticipated. The Peruvian dollar, the sol also experienced an accumulated depreciation of 0.9% year-on-year change compared to December 2022.

Sources: Statistical Institute of Jamaica (STATIN), Bank of Jamaica (BOJ), Planning Institute of Jamaica (PIOJ), Bloomberg, International Monetary Fund (IMF),



POWERED BY



VM Wealth
Management
Limited

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 Peru

significant concern for the domestic economy, as a stronger USD could lead to a widening of the current account deficit and potentially slow the deceleration of the inflation rate.

Israel-Hamas War

The cause of the conflict between Israel and Hamas is uncertain, but the humanitarian and economic consequences, if the situation escalates, are more apparent. In the two weeks following Hamas' 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 Treasury securities have crossed the 5% threshold for the first time since 2007, potentially leading 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



POWERED BY



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	0.75	0.48	0.30
Inflation, 12-Month Pt to Pt (%)	6.04	6.32	6.60	6.79	5.90	5.10	5.04	5.44
91-Day T-Bill Yield (%)	7.82	7.86	7.79	7.75	7.73	7.75	7.91 [^]	7.60
182-Day T-Bill Yield (%)	7.97	7.89	7.80	7.80	7.81	7.79	8.42 [^]	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	156.08	155.47	153.71
J\$/C\$ WA Sell Rate	115.22	117.52	118.87	114.86	115.24	113.72	115.68	119.28
J\$/£ WA Sell Rate	193.32	197.24	200.41	197.87	190.47	189.00	192.21	196.88
J\$/€ WA Sell Rate	170.93	171.42	174.99	171.73	167.08	168.88	167.41	175.00
Net Remittances (US\$M)	272.90	267.90	283.90	270.00	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 November 21, 2023



POWERED BY



Stay Informed | Stay Ahead

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*	80.12	77.50
Gold (\$/oz)	1,962.90	1,919.35	1,965.09	1,940.19	1,848.63	1,983.00	1,983.00	2,005.00
Statistics of Key International Economies								
United States								
Probability of Recession (%)	65	60			51		N/A	
Real GDP Growth YOY (%)	2.40	2.90			2.20*		1.70	
Inflation, 12-Month Pt to Pt (%)	4.05	2.97	3.18	3.67	3.70	3.20	3.40	3.10
Target Federal Funds Rate (%)	5.25	5.25	5.50	5.50	5.50	5.50	5.55	5.50
3-Month T-Bill Rate (%)	5.39	5.28	5.40	5.44	5.45	5.46	N/A	N/A
3-Month LIBOR (%)	5.52	5.55	5.63	5.66	5.66	5.64	5.40	5.24
10-Year Treasury Yield (%)	3.64	3.83	3.96	4.11	4.57	4.93	4.05	3.87
Unemployment Rate (%)	3.70	3.60	3.50	3.80	3.80	3.90	3.90	4.10
DJIA	32,908.27	34,407.60	35,559.53	34,721.91	33,507.50	33,052.87	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	4.60	4.60	4.10
Inflation, 12-Month Pt to Pt – RPI (%)	11.33	10.71	9.00	9.10	8.86	6.06	6.00	5.20
Bank Rate (%)	4.50	5.00	5.00	5.25	5.25	5.25	5.10	4.85
3-Month T-Bill Rate (%)	4.74	5.28	5.45	5.53	5.34	5.32	N/A	N/A
3-Month LIBOR (%)	4.88	5.39	5.52	5.58	5.41	5.37	5.28	5.23
10-Year Government Bond Yield (%)	4.18	4.39	4.31	4.36	4.44	4.51	4.33	4.28
FTSE 100	7,446.14	7,531.53	7,699.41	7,439.13	7,608.08	7,321.72	N/A	N/A
Canada								
Probability of Recession (%)	53	40			40		N/A	
Real GDP Growth QOQ (%)	(0.20)	0.40*			0.30		0.30	
Inflation, 12-Month Pt to Pt (%)	3.36	2.81	3.27	4.00	3.80	3.12	3.30	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	5.03	N/A	N/A



POWERED BY



Stay Informed | Stay Ahead

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	4.06	3.50	3.35
S&P/TSX	19,572.24	20,155.29	20,626.64	20,292.62	19,541.27	18,873.47	N/A	N/A
Trinidad & Tobago								
Inflation, 12-Month Pt to Pt (%)	5.69	5.77	4.66	4.05	3.87	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	1,196.62		
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	2,662.07	2,763.77		

* Projections are taken from Bloomberg survey of economists as of November 23, 2023



POWERED BY



Stay Informed | Stay Ahead