



# MONTHLY ECONOMIC BULLETIN

# *Inside This Issue*

April 25, 2015

<b>CEO's Report</b>	<b>3</b>
Economic Highlights	4-5
International Commodity Prices	6-19
International Commodity Prices: Impact on Jamaica	20-22
Inflation Rate & GOJ Treasury Bills	23
Exchange Rates: Jamaica Dollar Vis-à-vis USD, GBP, CAD	24
Net International Reserves and Money Supply	25-26
Commercial Banks' Interest Rates	27
Jamaica's Tourist Arrivals	28
Remittance Inflows to Jamaica	29
Domestic Bauxite and Alumina Production	30
Stock Market Update	31
Previous Month's Highlights	32-33
Appendices	34-36

The data continues to point to continued recovery in the economy and better prospects for 2015. Barring any natural or man made disasters, the economy in 2015 should grow around the 2 percent mark.

I also expect that the exchange rate should be relatively stable given (i) recent balance of payments numbers, which show that for 2014 there was an improved deficit by over US\$100M; (ii) strong tourist season will result in increased foreign exchange earnings; (iii) Increased import substitution in the food category, which should continue given the improvements in the agro parks; and (iv) increased remittance flows, resulting from the stronger US economy.

In addition lower global commodity prices, and in particular oil, has resulted on lower inflation and will be positive on the balance of payments.

There has also been continued prudence in fiscal management, which has resulted in the passing of the seventh consecutive IMF test, and increased investor confidence. We have also seen increased investments by the private sector.

Improved conditions have also resulted in increased business and consumer confidence.

Despite all of this, the PSOJ's Economic Policy Committee, has recognized that it will be imperative for us to accelerate the growth agenda, as failure to do so could threaten the current fiscal programme, as revenues have been underperforming budget. This can only be addressed by improving economic activity (growth) as there is no other way to sustainably get increased fiscal revenues. In other words increased taxes must be based on improved volume of economic activity, not increased tax rates. In fact our position is that we must move towards lower tax rates.

As a consequence the PSOJ has identified possible areas for growth emphasis that could have an immediate impact in giving us the desired growth rates, which we are completing in a position paper.

These include (i) improved public sector bureaucracy and service; (ii) improved tax compliance efforts to bring everyone

into the net, rather than focus on already compliant tax payers., as in the past; (iii) energy diversification and lower energy rates; (iv) large government led projects, like KCT, highways, and tourism build out; and (v) Agro parks.

Our view is that if we were to focus on these areas then we could see improved short term prospects for growth, as well as increased employment.

The risk to the economic programme, in my view, remains the low skill level and poor work ethic of the labour force. This must be addressed by institutions like HEART, but the private sector can also contribute. To this end we have signed a MOU with NYS, to support their summer work programme and graduate programme, by assisting them to place over 5,000 youth initially for periods of three weeks. This will provide them with the relevant work experience in a professional environment, and we urge our members to support this initiative, which has no cost implications.

We also recognize that as we transform the economy, that the PSOJ can be of best value here for our members, with the many economic and legislative reforms taking place. We have therefore been consulting with our members on various legislative changes, and requesting feedback and involvement, so that we can properly represent our members' concerns. This is also facilitated by the courtesy calls and monthly members' meetings I have been having.

We urge our members to ensure they provide feedback to the PSOJ on any issues you may be having, as we want to ensure that to the best of our ability we are able to assist with your transition in this environment.

We recognize that now more than ever that the PSOJ can play a role in providing information on options to our members, and as a result our economic forum in July will be focussing on providing that information. More information will be forthcoming soon.

The only way to successfully navigate the changing economy is to be ready and the PSOJ is encouraging our members to participate in our various events as a part of this process.



**M**acroeconomic conditions continue to strengthen in March 2015 and analysts expect this trajectory to continue throughout much of 2015. The observed health in economic conditions was manifested in key variables which include a relatively robust NIR, a stable exchange rate, low consumer prices, increased levels of remittances, robust growth in tourism and mining and quarrying. In this regard, the central Bank has lowered the signal interest rates from **5.75%** to **5.5%** (**25bps**). This reduction came as the economy recorded its lowest rate of inflation of **4.0%** in forty eight years in the fiscal year to March 2015. This low inflation rate positively impacted the stability of the local currency as it depreciated by **4.99%** against the **US\$** when compared to the **10.8%** in the previous fiscal year. In addition, the declining price environment has positively impacted the Current Account deficit which contracted by **US\$291.6 Million (4.8%)** in the calendar year 2014.

The PSOJ expect these positive signs should augur well for growth in real GDP for 2015 in the range of **1.2%** to **2.2%**. This projection is conditional on a normal set of events such as no natural disaster, no severe external shock such as large spikes on commodities and no local man made catastrophes.

In addition to these fundamentals, The country continues to perform relatively well under the current IMF Extended Fund Facility. On the down side there continues to be failure on the revenue targets as the economy has not been able to grow at the desired rate over the last year even in the face of two good quarters of growth in real GDP in 2014. Major economic indicators continue to move on the right trajectory which is reflected in business and consumer confidence which continues to move in the right direction.

⇒ This continued improvement in business and economic conditions is further manifested in the positive movement in the Stock markets which had market capitalization growth of

**3.3%** in March 2015. On the last trading day in February 2015, the main JSE index advanced by **2,697 points (3.22%)** to close at **83,804.6** points

⇒ The significant reduction in global commodity prices, especially crude will continue to have a positive impact on general economic conditions especially inflation and growth in Jamaica. In this regard There were price reductions in **84%** of the commodities monitored for March 2015. The price of both crude oil indices fell following increases in February 2015. The Brent and the WTI fell by **2%** and **5.8%** respectively. Natural gas also fell **1.7%**. The IMF's Fuel Energy Index fell by **3.2%**, the Food and Beverage Index fell by **2.8%**.

⇒ In line with the price movements in global commodities, domestic inflation, measured by the All Jamaica "All Divisions" Consumer Price Index (CPI) increased by **0.5%** for March 2015, following reductions of **0.5%** and **0.7%** observed for January and February 2015, respectively.

⇒ The movement in inflation contributed to decline in yields on all tenors of GOJ Treasury Bills for the March 2015 auction. In this context, the yields on the 30-day, 90-day and 180-day tenors of GOJ Treasury Bills declined by **12 bps, 15 bps and 17 bps**, respectively. For the fiscal year, yields on the 30-day, 90-day and 182-day tenors fell by **46 bps, 162 bps and 211 bps**, respectively.

⇒ Data from the BOJ suggests that the overall weighted average lending rate on local currency loans increased by **0.36 bps** to **17.10%** for March 2015 relative to February 2015. on the other hand, interest rates on foreign currency loans for March 2015 increased by **8 bps** to **7.21%** relative to February 2015.

⇒ The Jamaica Dollar appreciated by **\$0.60 (0.52%)** vis-à-

vis the US Dollar for March 2015 relative to February 2015. At end-March 2015, the Dollar traded at **J\$115.04=US\$1.00**. Similarly, the Dollar appreciated by **J\$8.66 (4.85%)** and **J\$2.02 (2.18%)** against the Canadian dollar and Great British pound, respectively. At end-March 2015, the Jamaica Dollar traded at **J\$169.93=GBP£1.00** and **J\$90.62=CAD1.00**, respectively.

⇒ At March 31, 2015, the stock of Net International Reserves (NIR) at the Bank of Jamaica was **J\$244.01 billion (US\$2,293.68 million)** reflecting an increase of **J\$39.63 billion (US\$372.50 million)** relative to the previous month. The stock of NIR for the month reflected an increase of **US\$990.06 million** for fiscal year 2014/15.

⇒ For March 2015, there was a contraction of **J\$2.21 billion (2.14%)** in the monetary base relative to the previous month. This contraction resulted in an end-month stock of **J\$101.29 billion**. The movement in the base mainly reflected net currency redemption of **J\$1.7 billion** and to a lesser extent declines of **\$453.8 million** and **\$66.9 million** in commercial banks' statutory cash reserves and current account balances.

⇒ Revised data indicates that the dollarization ratio increased marginally from **43.6%** at March 2015 to **44.4%** at March 2014. This increase reflected the marginally stronger accumulation of foreign currency deposits in the commercial banking system relative to local currency deposits. This may be reflective of consumers' converting their holdings of local currency deposits to foreign currency deposits in light of a depreciation of **5.0%** in the exchange rate vis-à-vis the US dollar.

⇒ For January 2015, gross remittance inflows were **US\$166.2 million**, reflecting an increase of **US\$8.1 million (5.1%)** relative to January of 2014. Data from the BOJ shows that gross remittance inflows for 2014 reached a record **US\$2,159.7**, an

increase of **US\$94.7 (4.2%)** over the flows for 2013. Similarly, for January 2015, net remittance inflows were **US\$147.4 million**, an increase of **US\$9.5 million (6.9%)** relative to the January of 2014.

⇒ For March 2015, the production of alumina was **160,227 tonnes**, representing an increase of **5,645 (3.65%) tonnes**, relative to March 2014. This brought YTD production level to **476,839 tonnes (0.25%)** increase over the corresponding period last year. The sale of alumina fell by **45,704 tonnes (21.64%)** relative to March of 2014. Similarly, YTD alumina sales fell by **11,369 tonnes (2.3%)** in comparison to March 2014.

⇒ The production of total bauxite increased in March 2015 relative to March 2014 by **26,928 tonnes (3%)**. Similarly, YTD total bauxite production increased, by **17,825 (0.73%)**. Annually, sales of total bauxite has fallen by **116,392 (11.5%)**. YTD sales of total bauxite has fallen by **11,361 (0.50%)**.



**ADVERTISEMENT SPACE**

*If you are seeing this, then others will. Advertise your business here.*

Tel: 927-6238  
Email: [research@psoj.org](mailto:research@psoj.org)

## Oil Prices

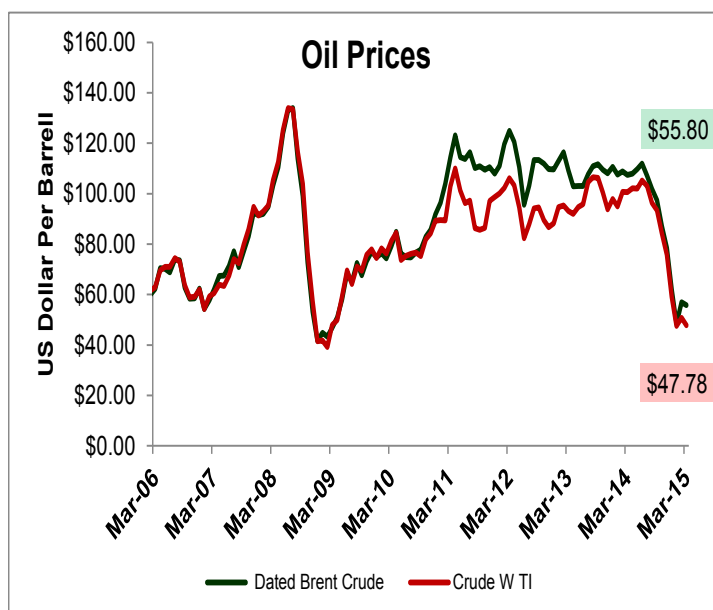
Both benchmark crude oil indices decreased in March 2015, in comparison to February 2015 when they both had moderate increases in January 2015. The European Brent started the month at **US\$56.93** per barrel and ended at **US\$55.79** per barrel. This reflects a decline of **US\$1.14 (2.0%)** for the month. In March 2014 the sale price for the European Brent was **US\$107.41**, reflecting a price reduction of **US\$51.62 (48.06%)** when compared to March of 2015. Notably, for the last two years the price for this commodity has decreased by **US\$53.4 (48.93%)**.

The price per barrel of West Texas Intermediate (WTI) decreased from **US\$50.72** at the end of February 2015 to **US\$47.78** at end of March 2015, resulting in a decline of **US\$2.94 (5.8%)**. In comparison to March 2014, the price per barrel of the WTI has fallen by **US\$52.79 (52.49%)**. For the last two years, the price for this commodity has notably declined by **US\$45.34 (48.69%)**. For March 2015 relative to March 2013, prices fell by **US\$45.00 (49.00%)** per barrel and **US\$53 (49.00%)** per barrel for the WTI and European Brent respectively. The five year average monthly price for both crude oil indices are **US\$102.36** and **US\$90.11** per barrel. The Brent is thus currently **US\$46.57 (45.50%)** below the average, while the WTI is **US\$42.33 (46.98%)** below the five year average price.

The decline in oil prices from the previous month's short increase was forecasted by a panel of economist and experts due to supply productions above demand and inventory storage shortages. The rising US dollar and Saudi Arabia's pledge to maintain their oil productions are said to be the reason the early oil price increase was so short lived. Early



March, prices rose, fuelled by the resurgent yen which knocked the US dollar off an 11-year high, which in the process helped to make commodities priced on the US dollar more attractive to holders of other currencies. A drop in the number of operating US rigs has also boosted prices and some analysts believe that the low oil prices could now be stimulating the market. However, this was short lived, and according to ABN AMRO senior energy economist Hans Van Cleef, the global oil glut will continue to keep prices low. He states that over supply is still an issue, and this caps the upside potential of oil prices in this supply-driven market.



## International Commodity Prices

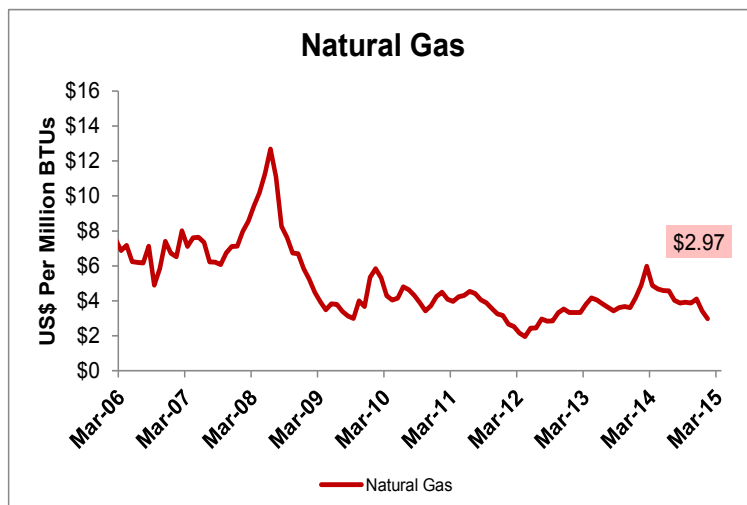
A true reflection of the woes in this market was made even clearer, when BPZ, a Houston, Texas, American-based oil company, became the second oil company, along with Dune Energy, to file for bankruptcy in two days as the continued low prices continue to drive redundancies, belt-tightening and reduced drilling and exploration across the industry. The news follows predictions from the OPEC secretary-general that the crude oil market will recover in the second half of the year as demand picks up and producers trim their costs: that did not happen.

OPEC Secretary-General Abdulla El-Badri said that according to the cartel's projections, consumption this year will increase by **1.2** million barrels a day, Bloomberg reports.

The price of crude oil has lost half its value since June last year, due to a growing oil glut and lower demand. In November, OPEC decided not to reduce its oil production, a move analysts said was driven by Saudi Arabia's desire to take on the threat posed by US shale oil producers.

Defending the decision, El Badri said that production cuts would not have solved the problem, as if cuts were taken in November, cuts would also be needed in January and later in June as supply would still be increasing from Non-OPEC producers. In February 2015, insolvency experts warned that low prices have increased the number of British oil and gas-related companies at risk of going bankrupt up by almost three quarters.

Russia, one of the largest producers of oil, who depend heavily on the export as a livelihood, 70% of exports, reports that the country may be heading into recession due to the low oil prices. The Prime Minister said the country did not fully recover from 2008 recession and the situation is made even worse by the oil prices slow growth as the



country needs oil prices to be at \$US105.00 per barrel to maintain a budget.

### Natural Gas

At the end of March 2015, the price for natural gas has moved from **US\$2.85** to **US\$ 2.80** relative to last month, resulting in a reduction of **US\$0.05 (1.75%)** per thousand cubic meters. For the period March 2014 relative to March 2015, natural gas prices fell by **US\$2.08 (42.62%)**. Similarly, natural gas prices have decreased, by **US\$1.00 (26.32%)** per thousand cubic meters when prices of March 2015 are compared to March 2013. The five year average monthly price for natural gas was **US\$3.52** indicating that current prices are **US\$0.72 (20.45%)** lower than the long term average.

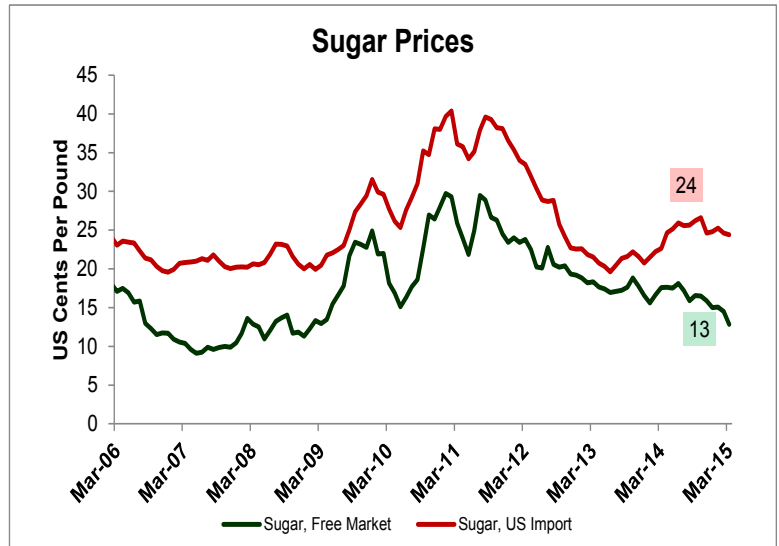
According to Bentek Energy, natural gas production in the lower 48 United States grew **1.8** billion cubic feet per day (Bcf/d) in March to **73.4 Bcf/d**. While production in March remained below peak levels reached in December 2014, it was **8%**, or **5.3 Bcf/d**, greater than the daily average production in March 2014. On a month-over-month basis, March natural gas production was up less than **1%** from February. This, according to Bloomberg may be due to weather conditions. For the third time in a few days, natural gas futures fell in New York as meteorologists predicted



mild weather that would limit heating demands after a cold blast.

In February, US natural gas made full recovery from freeze offs, however, continued offshore maintenance curtailed production by up to **300** million metric cubic feet per day (MMcf/d) until the end of March, said Sami Yahya, Bentek energy analyst. Northeast production managed a new record of **19.9 Bcf/d** late last month, pushing U.S. natural gas production to its highest daily level this year of **73.3 Bcf/d**. Yahya said the Northeast record was attained due to increased receipts along the Rockies Express Pipeline in Ohio; also, production in Northeast Pennsylvania remained about **250 MMcf/d** below its all-time high, leaving room for further growth in the region in coming months. Bentek data analysis suggests 2015 U.S. natural gas production will average approximately **73.1 Bcf/d**, with growth occurring throughout the year, driven primarily by continued production gains in the Northeast, and supplemented by additional supply from Texas and Midcontinent.

In the European market, the first steps towards an energy union were set out on March 19<sup>th</sup> by the EU leaders. The EU leaders met on 19 March to set out the first steps of an Energy Union. The European council, in its commitment for affordable, secure and sustainable energy within the EU, strengthened that commitment. At their



meeting, their discussion focused on energy security and transparency in gas contracts. All gas contracts must be in line with EU law, more transparent and should not negatively impact Europe's energy security. EU leaders also agreed to develop innovative strategies for a new generation of renewable energies and increase energy efficiency and to step-up the EU climate diplomacy for a successful Paris climate summit in December 2015.

## Sugar

March prices for the Free Market sugar commodity ended at approximately **US\$0.13 cents down 11.5% from its February price of US\$0.15 cents** per pound. For the US Sugar imports, the commodity ended March at **US\$0.24 down 0.9% from US\$0.26** per pound. The annual comparison to 2014 prices for March reveals that the price of Free Market sugar is **26.98%** lower, while US import prices is **7.8%** higher than last year. The two year comparison

**ESL**  
environmental  
SOLUTIONS

Everything Environmental  
since 1991

Waste Water Treatment Services: (ISO 17025

Accredited Lab)

- Sampling and testing of waste water
- Analytical testing for regulatory purposes
- Design and build wastewater systems
- Management of treatment plants
- Installation of chlorinators
- Recommendations for plant optimization



**Environmental Solutions Limited**

89 Hope Road, Kingston 6

Phone: (876) 978-9519, 978-6297, 978-5902

Website: [www.eslcaribbean.com](http://www.eslcaribbean.com) Email: [envirsol@cwjamaica.com](mailto:envirsol@cwjamaica.com)

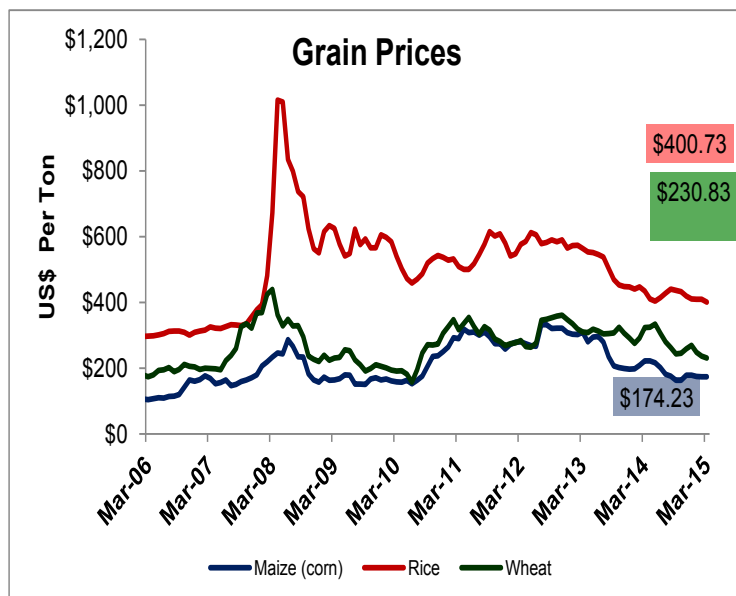


reveals that the Free Market sugar is **30%** lower than prices in 2013 and **13%** higher for the U.S Imports. Our calculations put both commodities below their respective 5-year averages; **34.8%** for the Free Market sugar and **11.7%** for U.S. Imports.

A main drop in sugar prices is the main factor behind a fall in overall global food prices, says the UN's Food and Agriculture Organization (FAO). It was further elaborated that their price index for food, which tracks major food commodities on international markets, fell by **1.5%** in March and was **18.7%** lower than a year ago. Their calculations put sugar at **9.2%** lower in March than in February.

The reason behind the Sugar prices decline, which has been the same for the past few months, is the current situation in Brazil which is by far the largest sugar exporter in the world. The country is still experiencing downward pressure on their currency (the Real). Producers are therefore incentivized to seek higher returns by exporting on the world markets. This increase in the supply of the commodity on the world markets continue to result in downward pressure of the commodity's price. Additionally, it is of the view that producers from main-producing countries like Brazil and Australia are now more willing to sell at lower future prices that are denominated in a strengthening US dollar.

Reactions are also taking place on the demand side of the market. Tighter import regulations by the governments of destinations like China and Indonesia, which are large importers of the commodity, have led to the reining in of raw sugar imports. Analysts report that China and Indonesia have abundant stocks and are cautious about importing more sugar in 2015, after seeing a collapse of their respective local prices for the commodity. Sugar stock levels are



therefore high at both origin and destination. Lack of import demand, despite falling international sugar prices, reflects high stockpiles at destination, this in turn is resulting in a large build-up of stocks at origin, says one Rabobank Sugar Analyst.

## Maize/Corn

Corn prices fell in March 2015 relative to February of 2015 by **US\$0.53 (0.31%)**. In this regard, corn prices closed the month at **US\$174.23** per tonne. Between March 2014 and March 2015 prices fell by **US\$48.11 (21.64%)**. A two year price comparison from March 2013 to March 2015 shows a total price decline of **US\$135 (44%)**. The five year monthly average for corn is **US\$255.41**; this means that current prices are **US\$81.19 (31.8%)** lower.

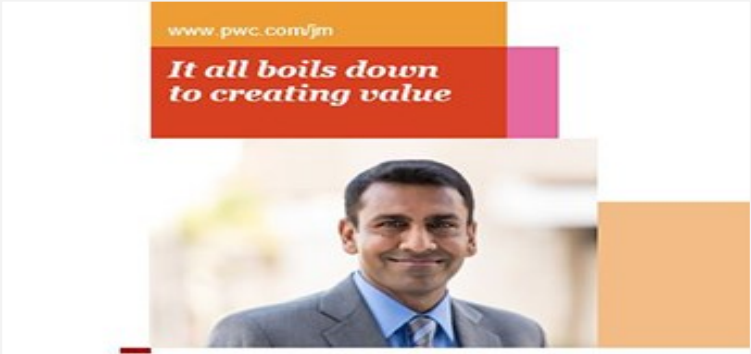
Following the release of the March WASDE report, U.S. corn quotes gyrated in advance of the USDA Prospective Plantings report. Prices climbed following the report's release but ended in early April, largely unchanged at **\$178/ton**. Argentine quotes moved in tandem with U.S. corn, remaining at a \$7/ton discount as new-crop harvest gets underway. In contrast, Black Sea quotes rose overall and are now only about \$3/ton below U.S.

prices. Brazilian quotes were not available. Projected corn ending stocks are raised 50 million bushels with a reduction in expected feed and residual use reflecting December-February disappearance as indicated by March 1 stocks.

WASDE Global coarse grain supplies for 2014/15 are projected 4.2 million tons higher. Corn production is raised for Serbia, Mexico, and Argentina, up 0.9 million tons, 0.8 million tons, and 0.5 million tons, respectively. The change for Serbia is based on the latest government revisions for the crop that was grown last summer. Heavy fall rains delayed harvesting and the final tally for that crop. Production is raised for Mexico reflecting the latest government statistics for the crop grown last summer. Increased area, exceptional winter rains, and plentiful supplies of irrigation water support prospects for the winter crop that was planted in the final months of 2014. The increase for Argentina is based on early harvest results that suggest very good yields in early planted corn and abundant soil moisture for the later planted corn now in grain fill. In addition to last month's reduction of 2.0 million tons, the South Africa corn crop is lowered an additional 0.2 million tons based on further analysis of weather and satellite imagery.

USDA Grains world market and trade Global corn trade is raised for 2014/15 with imports higher for Indonesia, China, Iran, Algeria, Peru, and Colombia. Partly offsetting is a reduction in imports for Mexico with the larger crop. Corn exports are raised for Argentina and Serbia, but lowered for South Africa. Global coarse grain ending stocks are higher with corn stocks projected up 3.2 million tons mostly on increases for the United States, Indonesia, and China.

Market expert Mike McGinnis in his analysis stated that in



www.pwc.com/jm

*It all boils down to creating value*

**pwc**

Not just as we see it but as our clients see it. And we believe the best way to create such value is through relationships built on trust.

---

<b>Assurance</b> Alok Jain <a href="mailto:alok.jain@jm.pwc.com">alok.jain@jm.pwc.com</a>	<b>Advisory</b> Bruce Scott <a href="mailto:bruce.scott@jm.pwc.com">bruce.scott@jm.pwc.com</a>
<b>Tax</b> Eric Crawford <a href="mailto:eric.crawford@jm.pwc.com">eric.crawford@jm.pwc.com</a>	<b>PwC Corporate Services (Jamaica) Ltd.</b> Tracy Campbell <a href="mailto:tracy.campbell@jm.pwc.com">tracy.campbell@jm.pwc.com</a>
<b>Executive Selection Services</b> Margaret Rose <a href="mailto:margaret.rose@jm.pwc.com">margaret.rose@jm.pwc.com</a>	<b>Business Development</b> Dionne Golding <a href="mailto:dionne.a.golding@jm.pwc.com">dionne.a.golding@jm.pwc.com</a>

---

Tell us what matters to you and find out more by visiting us at [www.pwc.com/jm](http://www.pwc.com/jm)

© 2014 PricewaterhouseCoopers. All rights reserved.

its April Supply/Demand Report, the USDA pegged the U.S. 2014/15 corn carryout at 1.827 billion bushels, vs. the average analysts' estimate at 1.851 billion bushels and the USDA's March estimate of 1.777 billion bushels. The world corn stocks are most bearish says Matt Pierce, futures International floor trader. Domestic beans ticks came in lower but on expectations. U.S. corn stocks are smaller than the average guess. But I still do not see this as bullish. Yet other traders say the market is not having any violent reaction to the USDA data. Jack Scoville, PRICE Futures Group Vice President reports the USDA/WASDE Reports didn't provide anything overwhelmingly bearish. "If anything, it looks like we got the estimates close to right. World corn stocks went up a lot, but that appears to be mostly accumulation all over the world and no single factor," Scoville says. He adds, "The U.S. corn ending stocks are less than predicted, and the soybeans and wheat pretty close to predictions. I think they sold the market, and we might come back later

in the day, I guess. I do not want to press it lower based on these numbers, maybe for weather or the export sales report or something, but not these numbers.”

## Rice

The change in the monthly price of the commodity (the 5 percent broken milled white rice) is a decline of **US\$8.77 (2.14%)** per metric tonne. Similarly, the price of **US\$400.73** is a reduction of **US\$34.52 (7.93%)** between March 2014 and March 2015. The five year monthly price average for rice is now **US\$497.30**, indicating that the March price of **\$400.73 is 19.4%** below the long term average.

Global milled rice trade this year is forecast to drop **2.5%** from 2014 to **41.3** million tonnes, due mainly to good stockpiles or higher production in Asia, according to the FAO. Analysts in Japan, a large importer of rice, report that international rice prices are tumbling due to high Thai government inventories and a smooth harvest in Vietnam. The export price of Thai long-grain rice comes to around **\$420 a ton**, down **5%** from the recent February high and the lowest since last June. The Vietnamese harvest, which began in late February, has weighed on the market.

Thailand amassed much of its inventories under a government program that paid a premium for the rice. The government is trying to sell them off, but sales have been sluggish. Thai export prices had risen sharply last August, after exports were halted following a military coup May, but have trended lower since sales resumed from that time up to the present. In recent months, Thailand has been lowering its selling prices in an effort to offload its huge stockpile, as a result, Thai rice exports have risen by **20%** from January to February. This has forced India and Pakistan, the other large exporters, to lower their export prices. .

## Wheat

In March, global wheat prices fell again, this time by **US\$6.32 (2.67%)** when compared to February to close at **US\$ 230.83 per tonne**. Compared to March 2014, prices have fallen by **US\$92.73 (28.66%)** per tonne. Prices are also below the 2-year averages by 26% and below the 5-year average by **21.2%**.

In the United States, major wheat-producing states Texas, Oklahoma, Kansas, and Nebraska have been suffering from drought which has been threatening the wheat crop quality. U.S. winter wheat, which was planted last fall and will be harvested in the coming months, is currently rated by the U.S. Department of Agriculture as 44 percent good/excellent, with the rest of the crop under some stress. Farmers are hoping that the much-needed rains could go a long way toward alleviating problems (heavy rains were forecast for the southern U.S. Plains).

Currently, foreign demand for U.S. wheat appeared to be drying up this month with exports falling to the lowest level for this marketing year (which ends May 31<sup>st</sup>). On account of a potential healthier crop (from the coming rains) coupled with diminished demand, the U.S. could soon be awash in wheat, which has put prices under pressure. Prices have been nearing a five-year low for the U.S. commodity. The benchmark July Kansas City wheat contract fell Thursday to \$5.10 per bushel, the lowest price since July 2010.

According to analysts on the Russian market Russian wheat prices continued to decline because of a stronger Rouble, higher wheat stocks in the main producing regions and a seasonal increase in supply from farmers who needed cash for the spring sowing. Stocks are higher due to a near record crop last year, and also, local prices have also fallen due to a government imposed wheat export tax to slow down food inflation following the





# DHL CONNECTS YOU TO THE WORLD.

\*\*\*\*\*

Telephone: 920 0010

[www.dhl.com.jm](http://www.dhl.com.jm)

EXCELLENCE. SIMPLY DELIVERED. 



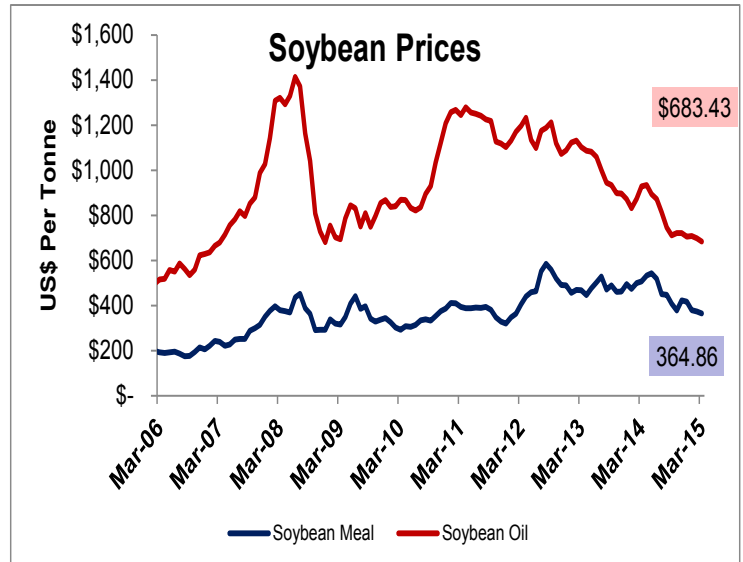
collapse of the Rouble at the end of 2014. The tax on wheat exports that took effect on Feb. 1 is due to be removed after June 30. But Deputy Prime Minister said the government may extend it.

European wheat prices rose earlier this month, boosted by strong demand for exports, the weather concerns in the United States, and the state of the Rouble and Ukraine currencies.

## Soybean

Continuing the pattern of last month, the prices of both soybean meal and soybean oil showed marginal declines for March 2015. At the end of March the price per metric tonne for soybean oil material stood at **US\$ 683.43**. This is 2.08% lower than last February and 26.4% lower than last year. It is also 38% and 33.7% below its 2-year and 5-year averages. The Soybean Meal on the other hand ended March at **US\$ 364.86**, 2.51% lower than February and 27.99% lower than last year. It is also 22% and 14.7% below its 2-year and 5-year averages.

For this month, U.S. soybean prices slid to a nearly six-month low, as concerns about rising global supplies and softer export demand overshadowed a government forecast for tighter-than-expected domestic stockpiles; soybean futures drop 1.9%. The outlook for global inventories was increased again this month, data from the U.S. Department of Agriculture revealed. Record crops in Argentina and Brazil, the top growers after the U.S., are adding to supply as Midwest farmers are set to plant the most acres with the oilseed this spring. Wheat prices also fell after the USDA reported world wheat inventories will rise 5.7 percent from 2014.



Soybean futures in Chicago tumbled 35 percent in the past 12 months, helping to trim expenses for meat producers who use the crop in livestock feed. One analyst states that "The U.S. is not competitive with cheaper South America supplies in the world market, and that is keeping the market on the defensive". Wheat for delivery in July advanced 0.2 percent to \$5.185 a bushel today after a 1.2 percent slump on April 9.

Large importer China reports that imports of soybeans in May, June and July are expected to rise by at least 45 percent from March, a senior trader said on Monday. Domestic demand for soy meal, however, is likely to stay weak for at least the next three months. Domestic demand for soy meal, however, is likely to stay weak for at least the next three months. China, the world's top soybean buyer, has increased purchases from Brazil and Argentina due to favourable prices and expectations of better crushing margins.

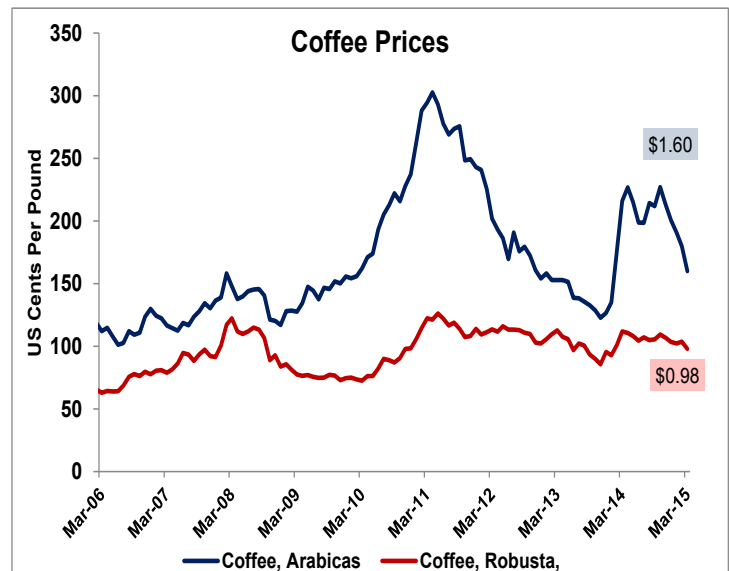
## Coffee

The price of the Arabica and the Robusta coffee had larger disparities in March 2015. The Arabica fell by **US\$0.19 (11.07%)** to US\$1.60 while the Robusta fell by **US\$0.06 (5.47%)** to **US\$0.98**. The five year average monthly price for

both types of coffee is **US\$2.05** and **US\$1.12**, respectively. This implies that the current prices of the Arabica and the Robusta are **22% and 12.2% lower** than the five year average prices.

United Kingdom - Certified Robusta stocks reach **2.832 mln** bags by end March. Tenderable coffee stocks held at ICE Futures Europe-nominated warehouses rose by 624 ten-tonne lots, or 3.8%, in the two weeks to March 30, 2015, bringing the total up to **16,989 lots (2.832 mln 60-kg bags)**, exchange data showed. Within Brazil the internal market supply of stock coffees has slowed, with a the firmer nature of the Brazil Reais contributing to price resistance and thus impacting upon very short term selling activity on the part of the exporters. Most exporters do however already have good volumes of forward sales commitments to still fulfil, as have most consumer market industries got good short to medium term cover on their books and this slowing of sales activity has no significant impact upon global supply of Brazil coffees. But it is something of a problem for consumer buyers looking for short term fill in supply of Brazil coffees, as they have to pay up relatively high differentials to secure such coffees.

There are no weather issues presently coming to the markets from Brazil, following the past few weeks of good rains and to contrary and while there are many months still to the fore in terms of weather, the trees are looking to be in very good shape for the prospects for a good flowering in October and a good follow on crop in the coming year. These are however early days and with the unlikely to be damaging frost season on the nearby horizon aside, the big question shall be what will be the quality of the new spring and summer rain season that comes into play late in September, which shall be critical for the prospects for the next 2016 crop.



## Banana

Banana prices moved in March 2015 to **US\$1,045.96** per tonne. In this regard, prices increased by **US\$79.11 (7.56%)**, from **US\$966.85** in February. For March 2015 relative March 2014, banana prices rose by **US\$20.72 (2.19%)** per metric tonne. A two year price comparison for February 2013 and February 2015 revealed that banana prices increased by **US\$107.39 (10.27%)** per metric tonne. The five year average monthly price is **US\$1,019.40**, indicating that current prices are **US\$26.56 (2.54%)** above the long term average.

The banana market in Ecuador have had a good start this year, favoured especially by the problems in Costa Rica, Guatemala and the Philippines with the banana disease. Executive director of the Association of Banana Exporters of Ecuador (AEBE), explains that Ecuador continues to have greater export volumes than at the same time last year, growing between **4% and 5%**. The reduction I exports to Russia will hopefully stop affecting them. During the months of May, June and July, consumption usually drops in this market, but if, with some support, costs and expenses can be reduced, we are very likely to manage the situation in a favourable manner for the country. According to reports from AEBE, the drop in consumption

# International Commodity Prices

March 2015 Issue

in Russia could amount to around 12 million boxes in 2015; 17% less than the 70 million exported in 2014. Besides, the recent devaluation of the U.S. Dollar against the Ruble would ease the crisis currently affecting the country.

## Oranges

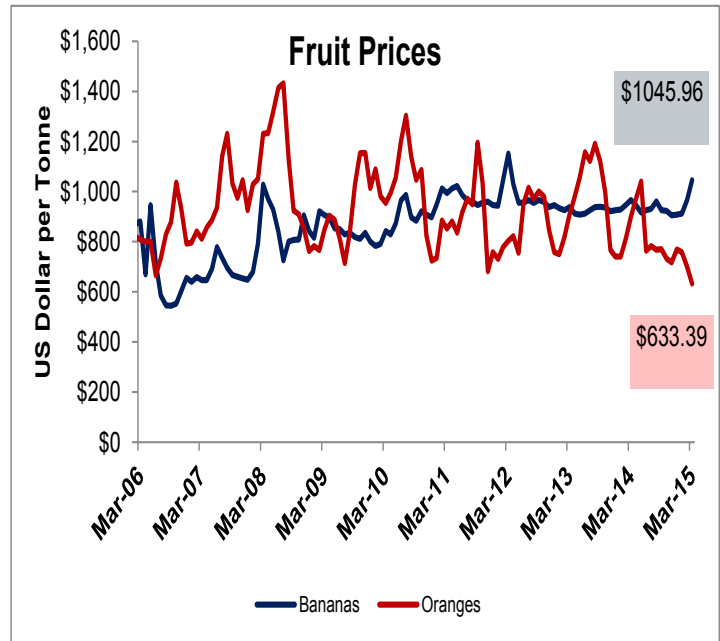
Orange prices fell by **US\$66.71 (9.53%)** in March 2015 to **US\$633.29 per metric tonne**, relative to February 2015. Relative to March 2014, prices decreased by **US\$266.21(29.63%)**. The five year average monthly price is **US\$819.28**, which indicates that current prices are **US\$185.99 (22.7%)** lower.

The U.S. Department of Agriculture (USDA) on Thursday said its estimate of the 2014-2015 Florida orange crop remained the same at **102 million boxes**. Early-mid varieties stayed at **47 million boxes** while Valencia oranges held steady at **55 million boxes**.

Michael W. Sparks, executive VP/CEO of Florida Citrus Mutual believes the stability of the orange crop estimate is a good thing. The California Valencia orange forecast is **10.0 million boxes (400,000 tons)**, unchanged from the previous forecast but down 7 percent from last season's revised final utilization. The California Navel orange forecast is **40.0 million boxes (1.60 million tons)**, unchanged from the previous forecast but up 3 percent from last season's revised final utilization. The Texas all orange forecast, at **2.18 million boxes (93,000 tons)**, is up 8 percent from the previous forecast and up 23 percent from last season's final utilization.

## Beef

In March 2015, beef prices fell to **US\$2.08** per pound, a reduction of **US\$0.02 (0.99%)** relative to February 2015. Relative to March of 2014, current prices are **US\$0.098** or **4.95%** higher



than they were. The five year average monthly price is **US\$1.959** which tells us that current prices are **US\$0.119 (6.1%)** higher than the long term average.

USDA reported for the month of March that beef domestic availability in 2015 was revised by **180 million pounds** compared to the previous month and USDA now expects availability in the domestic market to be **112 million pounds (+0.5 per cent)** higher than a year ago. Because of the increase in population, per capita consumption still is slightly lower but only marginally so. The change in availability is a result of higher forecasts for beef production, further reductions in exports and an increase in beef imports. Beef imports in 2015 are expected to be **2.910 billion pounds, 50 million pounds** larger than the earlier forecast but still **1.3 per cent** lower than last year. Drought in Australia continues to push more beef to the US. The strong US dollar also helps with imports from a number of other markets, including Mexico. Heavier carcass weights are contributing to the increase in beef production

Beef is higher on greater cow slaughter and heavier carcass

weights. The 2015 beef import forecast is raised from last month as demand for processing grade beef remains strong and strength of the dollar makes the United States an attractive market. Beef exports for 2015 are raised based on trade data to date.

Experts Neville Speer from Beef magazine believes March was good to the cattle market. The fed market had largely chopped in a sideways pattern since mid-January and seemed poised for a sharp downturn midway through March. That wasn't surprising given that cutout values were having trouble getting any traction. But the middle of the month brought about a significant turnaround – largely on the heels of Federal Reserve Chair Janet Yellen's press conference. Yellen's inference regarding delayed timing of pending interest rate hikes sparked the financial markets, including cattle futures.

Accordingly, the April contract found renewed support and jumped from the mid-**\$150s** to finish the month out at **\$161-\$162**. Meanwhile, better cutout values have also underpinned the fed cattle trade. The Choice cutout has gained nearly \$15 during the past six weeks to close out March at **\$255** per cwt. Both factors helped pull fed cattle trade along. Fed steer and heifer trade added \$7 per cwt throughout March with final sales ending mostly **\$167-\$168**.

That discussion becomes even more important in light of packer margins in recent months. Beef processors continue to struggle to get ahead of fed cattle prices to achieve positive returns. August/September 2014 marks the last period in which the packer managed to consistently generate favorable results. Since that time (the past 30 weeks or so), spot margins have been mostly negative – the 12-week moving

average is now running right at **\$100** per head. That's especially important to remember as we progress into larger market-ready supply and the back-and-forth, week-to-week tussle for leverage.

Circling back around to the issue of beef demand, the month of March witnessed a significant and favorable benchmark that speaks to the positive long-run story for the beef industry. That is, the percentage of the fed steer/heifer slaughter mix grading Prime or Choice surpassed **75%**. That level is a substantial improvement compared to just 10 years ago when the industry was challenged to achieve **55%** Prime and Choice.

## Poultry

Surprisingly, according to the IMF commodity tracker, there was an increase in the price of poultry for March 2015; increasing from **US\$1.13 to US\$1.14 per lb, a 0.44% increase**. This is 8.57% higher than last year and 13% higher than two years ago. It is also 14.3% than the 5-rear average.

Since we reported the China ban of U.S. poultry and eggs imports amid avian flu fears in our February edition, and USDA's quick response to point out that no cases were detected near commercial poultry locations, there has been increased cases and bans by importing countries. Turkey growers across Minnesota, Iowa and surrounding states are living a poultry farmer's nightmare as the highly contagious H5N2 avian virus continues to spread across the region. Caribbean neighbor St. Lucia has also placed a ban on poultry products from the United States (The Observer, April 16). "Based on St Lucia's import requirements, all poultry and poultry products raised, processed, or stored in the mentioned states are not eligible for export to St Lucia and the importation of poultry from these areas is not per-



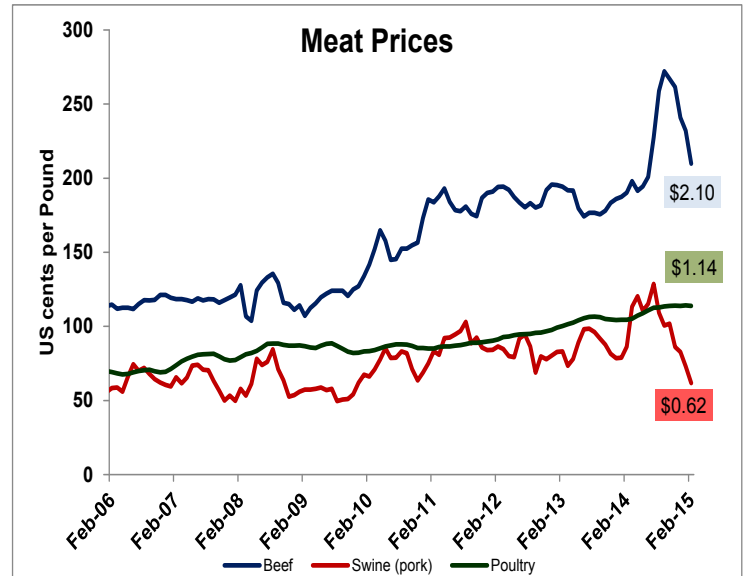
# International Commodity Prices

March 2015 Issue

mitted".

The US is reportedly pressuring Mexico to relax restrictions imposed on poultry imports from the country due to an outbreak of a strain of avian flu. The country is asking Mexico to restrict imports only from counties that are home to infected flocks; Mexico has imposed trade restrictions on entire states that have been infected with the H5N2 flu. The country is the top importer of US chickens and turkey. According to USDA, the presence of avian flu has been reported in a total of 12 US states so far this year. The latest report came from Iowa last week. Meanwhile, Minnesota, the top US turkey producer, confirmed eight more cases recently, bringing the number of commercial turkey flocks infected with H5N2 to 22.

The fear is that soon, the effects on aggregate demand will result in increased supply in the domestic markets, which



would exert a downward pressure on prices. There are more than 30 countries that have some type of restrictions on U.S. poultry imports, ranging from bans on bird raised in certain states to quarantine requirements.

## CONCENTRATE ON YOUR CORE BUSINESS.

### LET OUR PROFESSIONALS HANDLE EVERYTHING ELSE.



#### OUR SERVICES

- Project Management
- Auditing
- Fraud Investigation
- Capacity Building
- Disaster Recovery Planning
- Marketing & Event Management
- Risk Management Analysis
- Collections Management



info@cssjamaica.com  
www.cssjamaica.com  
876.733.4387

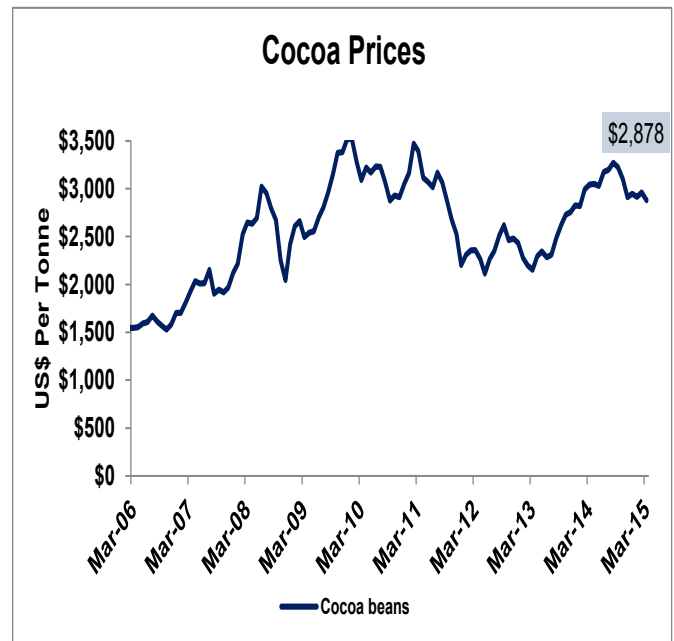
## Swine (Pork)

In March 2015 the prices for pork increased just slightly by **US\$0.13 (0.21%)** to close at **US\$61.71** per pound. The price of pork was **US\$113.21** per pound in March 2014, which reflects a dramatic **US\$51.65 (45.62%)** price decrease relative to March 2015. A two year analysis of pork prices shows that current prices are **US\$11.29 (15.40%)** lower than they were in 2013. The five year monthly average price per pound for pork is **US\$82.76**, this means that current prices are **US\$21.05 (25.43%)** lower than the long run average.

According to the PigSite, US production has seen substantial increase in total pigs supply and the breeding herd as well as record litter sizes, this points positively to a strong recovery in the market even with the outbreak of the PED virus. New outbreak has continued however, where 31 premises were cited as having been positively confirmed for PEDV according to latest report from USDA Animal and Plant Health Inspection Service (APHIS). Seventeen pig farm samples have been confirmed positive for the virus in the US in the latest report and there is one dual infection (PEDV and porcine deltacoronavirus). One new outbreak was confirmed in Ontario, Canada.

In the European market, there have been three new outbreaks of African Swine Fever (ASF), discovered in both Russia and Lithuania. Outbreaks were found in pigs as well as wild boars and the disease has reportedly killed two individuals thus far. The USDA has also reported that the number of Foot and Mouth disease (FMD) cases in South Korea is rising, despite government efforts to control the disease in pigs and cattle. Vaccination efforts and culling of animals have seemed to be effective in stemming the spread of the disease, however eradication has not resulted. Since the first outbreak of FMD in December 2014, there have been 151 confirmed cases and nearly 140,000 animals have been culled.

## Cocoa Prices



## Cocoa

For March 2015, Cocoa prices decreased by **US\$83.91** per tonne (**2.83%**) to close at **US\$2,878.03** per tonne. Relative to March 2014, prices decreased by **US\$163.64 (5.38%)**. The two year price comparison shows that prices are higher by **US\$724.67 (34.8%)** when March 2015 is compared with March 2013. The five year average monthly price for cocoa is **US\$2,765.06**, this means that current prices are **US\$112.97 (3.93%)** higher.

According to news agency data from the monthly review ICCO, cocoa arrivals at ports in Côte d'Ivoire were around **1,275,000** tonnes as against **1,233,000** tonnes during the same period of the previous season. The Government maintained the cocoa farm-gate price previously set for the main crop at **850 CFA** per kg for the mid-crop. In Ghana, as published in the previous report, concerns remain in relation to the total output which is expected to be significantly lower than that of the previous season. Reports from the Indonesia Cocoa Association has concerns regarding exports as output may fall for this season due

to the fact that government plans to support productions have yielded no results thus far. On the other hand, imports are forecasted to increase to **100,000** tonnes this year as grinders look overseas to meet demands.

The weak demand from Europe for this commodity combined with the dependence of chocolate manufacturers on existing stocks were the main reason behind the fall in demand of cocoa butter, which has been at their lowest since April 2013. On the other hand, cocoa powder prices have risen steadily. In other related cocoa news, according to researchers in Penn State's College of Agricultural Science, a gene was discovered that is involved in determining melting point of cocoa-butter. Being a critical attribute of the substance widely used in foods and pharmaceuticals, it will likely lead to new and improved products. Findings by plant geneticists also should lead to new varieties of the cocoa plant that could extend the climate and soil-nutrient range for growing the crop and increase the value of its yield, they said, providing a boost to farmers' incomes in the cocoa-growing regions of the world.

Africa being the largest producers of cocoa should enjoy the markets of value added products, mainly chocolate, however this is not so. Top cocoa producers Ivory Coast and Ghana lack dairy and sugar industries to compete with the main manufacturers and cocoa is traded globally, so African bean growers don't have a competitive advantage when it comes to making chocolate. There are a few chocolate factories in Africa however, every input is imported expect for the cocoa beans themselves, this locking Africa out of being competitive in this arena.



## Aluminum

Aluminum prices fell by **US\$43.96 (2.42%)** per tonne and closed March 2015 at **US\$1773.82** per tonne. Relative to March 2014, prices increased by **US\$68.50 (4.02%)** per tonne. The five year average monthly price for aluminum is **US\$2026.03** per tonne; this means that current prices are **US\$252.17 (12.4%)** lower.

Metal Bulletin Research experts analysis revealed that Aluminum prices are looking weaker compared with zinc, lead and copper, with prices dropping to a low of 1759/tonne on the week of April 6, 2015. This is from their recent foray beyond \$1800/tonne, but just above recent lows at \$1745/tonne. By comparison, lead and zinc prices have rallied about 18% and 12%, respectively, off of their lows and copper is generally holding up well.

One of the highlights for Alcoa, the first aluminum company to produce their first quarterly results this month, remains the automotive sheet sector along with ongoing strength of demand for the aerospace sector. Also encouraging, particularly from a volume of perspective, the company continues to see

## Impact of global prices on Jamaica

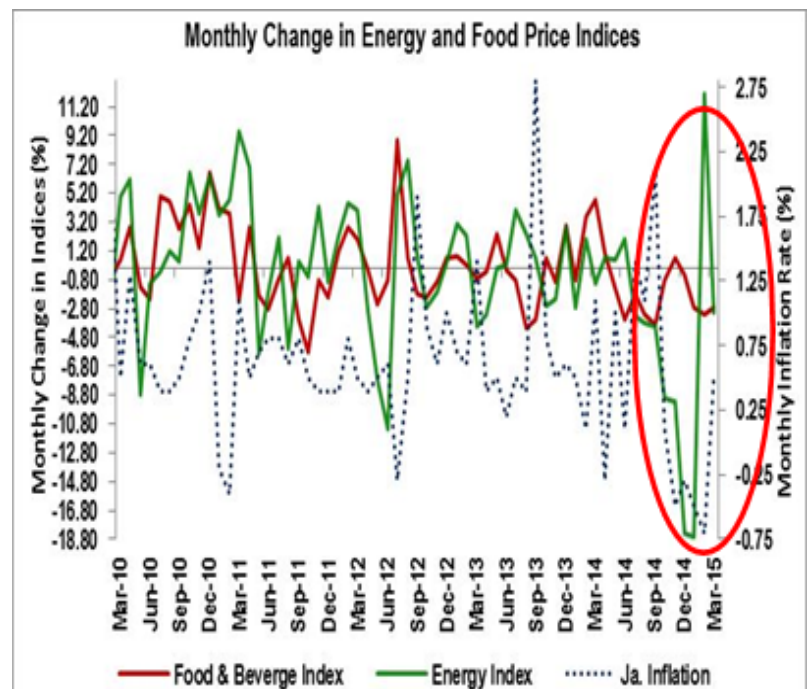
There were price reductions in **84%** of the commodities monitored for March 2015. The price of both crude oil indices fell following increases in February 2015. The Brent and the WTI fell by **2%** and **5.8%** respectively. Natural gas also fell **1.7%**. The IMF's Fuel Energy Index fell by **3.2%**, the Food and Beverage Index fell by **2.8%**. With the expected low international commodity prices, inflation for Jamaica is expected to remain relatively low throughout 2015 and into 2016. However, the unsettled market for fuel energy, will show periods of small spikes in prices, the price of the WTI is expected to move up to the projected **US\$60.00 - US\$65.00** per bbl. by June 2015. This rise in price is expected to be short lived as the normal cyclic movements and will cause prices to fall in the later part of the year.

The graph below shows the relationship between movements in commodity prices and movements in domestic inflation. The downward movements in the international price indices for March should be observed in Jamaica around end-May 2015. In addition, inflation of **0.5%** for March 2015 would have been influenced by the price movements in January through February 2015 movements in commodity prices between November of 2014 and December 2014.

The forecast by the Bank of Jamaica is for inflation to fall in the range of **3% to 5%** in 2015, calendar year; the PSOJ is cautious even in the face of the reduction in commodity prices. Significant risks come through exchange rate movements, domestic agricultural production and wage increases, higher

taxes and money growth. In this regard, the PSOJ's forecast is for inflation to between **2% and 6%** will remain until end of April 2015.

Commodities	Unit	Price	Price	Monthly Change
		Mar-15	Feb-14	Per cent
Aluminum	Metric ton	1773.86	1817.82	-2.4%
Bananas	Metric ton	1045.96	966.85	8.2%
Beef	Pound	207.80	209.88	-1.0%
Cocoa beans	Metric ton	2878.03	2961.94	-2.8%
Coffee- Arabicas	Pound	160.02	179.94	-11.1%
Coffee- Robusta	Pound	98.07	103.74	-5.5%
Maize (corn)	Metric ton	174.23	173.70	0.3%
Natural Gas	MMBTU	2.80	2.85	-1.7%
Dated Brent Crude	Barrel	55.79	56.93	-2.0%
Crude WTI	Barrel	47.78	50.72	-5.8%
Oranges	Metric ton	633.29	700.00	-9.5%
Swine (pork)	Pound	61.71	61.84	-0.2%
Poultry	Pound	114.27	113.77	0.4%
Rice	Metric ton	400.73	409.50	-2.1%
Soybean Meal	Metric ton	364.86	374.25	-2.5%
Soybean Oil	Metric ton	683.43	697.94	-2.1%
Sugar- Free Market	Pound	12.84	14.51	-11.5%
Sugar- US Import	Pound	24.40	24.62	-0.9%
Wheat	Metric ton	230.83	237.15	-2.7%





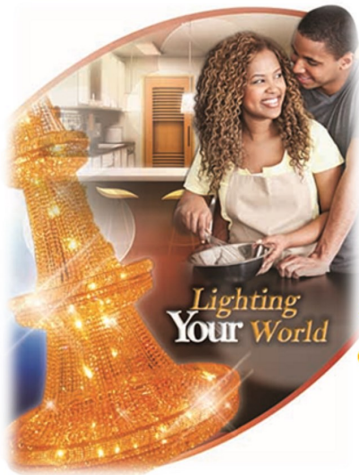
# FosRich

Electrical Sales  
The Lighting World  
Solar Energy

GROUP OF COMPANIES



"For all your Electrical needs"



Lighting  
Your World



The Lighting World



- It's finally here!!
- \*Free energy audit
  - \*Solar water heater
  - \*Solar street lamp
  - \*Solar gardens lamps
  - \*Solar systems
  - \*\*Financing available

"Making Solar Work for You"

77-79 Molyne's Road, Kingston Tel: 937-5099/2401  
 3 Cottage Rd - 971-9117 | 18 Fairview Off. Park - 684-9431 (Mobay)  
 35 Ward Avenue, Mandeville Tel: 625-0250

OPEN  
SUNDAYS

## INTERNATIONAL COMMODITY PRICES (IMF)

Commodities	Units	ACTUAL PRICES			PROJECTED PRICES				PERCENTAGE CHANGES			
		2014Q1	2014Q2	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	Q1-15/Q1-14	Q2-15/Q1-15	Q4-15/Q4-14
<b>Food</b>												
<b>Cereals</b>												
Wheat	\$/MT	297.1	322.1	235.8	176.6	181.2	189.2	194.0	197.0	-21%	-25%	-20%
Maize	\$/MT	210.1	213.9	174.1	153.7	158.2	163.0	166.6	169.2	-17%	-12%	-6%
Rice	\$/MT	440.7	409.4	409.6	411.4	400.1	397.9	355.4	357.0	-7%	0%	-3%
Barley	\$/MT	162.7	166.9	131.5	134.0	135.5	119.8	145.5	148.4	-19%	2%	-9%
<b>Vegetable oils and protein meals</b>												
Soybean meal	\$/MT	493.3	531.9	374.2	358.5	355.3	349.1	349.5	348.8	-24%	-4%	-7%
Soybean oil	\$/MT	877.9	899.7	701.3	696.0	701.2	698.8	706.2	713.0	-20%	-1%	0%
Fish meal	\$/MT	1657.9	1861.6	2099.1	1974.8	1730.6	1679.3	1672.7	1573.6	27%	-6%	-20%
Groundnuts	\$/MT	2377.3	2228.8	1987.1	1938.9	1890.4	1841.9	1960.0	1912.4	-16%	-2%	-7%
Rapeseed oil	\$/MT	980.3	963.1	760.9	736.0	730.9	725.7	694.2	671.5	-22%	-3%	-5%
<b>Meat</b>												
Beef	cts/lb	191.8	195.5	221.0	218.4	215.9	213.5	218.1	204.6	15%	-1%	-3%
Lamb	cts/lb	124.1	135.4	125.8	125.8	127.0	128.6	129.4	129.4	1%	0%	2%
Swine Meat	cts/lb	92.8	115.4	67.4	66.6	66.6	66.6	64.8	63.7	-27%	-1%	-1%
Poultry	cts/lb	104.7	109.0	113.9	118.3	121.0	119.2	121.4	126.2	9%	4%	5%
<b>Seafood</b>												
Salmon	\$/kg	7.8	6.9	5.8	5.5	5.5	5.2	5.3	4.9	-26%	-5%	-10%
Shrimp	\$/lb	17.1	17.8	15.7	14.6	14.5	15.4	14.9	13.8	-9%	-7%	-2%
<b>Sugar</b>												
Free market	cts/lb	16.8	18.2	14.3	13.4	13.6	14.1	15.2	15.3	-15%	-7%	-2%
United States	cts/lb	22.4	25.3	24.7	24.4	24.7	24.9	24.9	24.8	10%	-1%	1%
Bananas	\$/MT	947.1	929.2	939.2	928.3	907.4	897.9	904.6	893.9	-1%	-1%	-4%
Oranges	\$/MT	777.4	838.8	729.0	724.4	720.2	717.6	728.8	724.3	-6%	-1%	-2%
<b>Beverages</b>												
<b>Coffee</b>												
Other milks	cts/lb	175.8	213.7	176.5	135.1	139.6	144.8	148.5	150.3	0%	-23%	-18%
Robusta	cts/lb	102.0	107.9	86.3	85.0	86.8	88.1	89.3	90.3	-15%	-1%	2%
Cocoa Beans	\$/MT	2951.3	3085.0	3050.5	3052.8	3021.3	2977.8	2937.5	2916.8	3%	0%	-2%
Tea 3/	cts/kg	247.9	222.2	283.0	283.0	292.6	300.6	285.0	285.0	14%	0%	6%
<b>Agricultural raw materials</b>												
<b>Timber</b>												
<b>Hardwood</b>												
Sawnwood	\$/M3	306.1	312.6	305.8	298.9	290.0	285.1	299.6	292.8	0%	-2%	-7%
<b>Softwood</b>												
Sawnwood	\$/M3	306.1	312.6	305.8	298.9	290.0	285.1	299.6	292.8	0%	-2%	-7%
Cotton	cts/lb	94.0	92.6	61.9	62.6	63.0	63.9	64.1	64.8	-34%	1%	3%
Rubber	cts/lb	102.1	96.1	98.1	94.7	92.3	92.6	98.3	98.7	-4%	-4%	-6%
Hides	cts/lb	107.6	109.8	108.8	107.7	102.5	101.5	105.8	108.1	1%	-1%	-7%
<b>Metals</b>												
Aluminum	\$/MT	1709.3	1800.2	1806.4	1800.0	1812.5	1827.1	1839.6	1853.5	6%	0%	1%
Iron Ore	\$/MT	120.4	102.6	65.0	63.6	61.4	60.8	63.1	61.7	-46%	-2%	-7%
Tin	\$/MT	22636.3	23146.2	18580.4	18135.0	18164.0	18191.0	18219.0	18246.0	-18%	-2%	-2%
Nickel	\$/MT	14661.0	18467.8	14507.1	14187.3	14245.2	14289.2	14312.5	14331.5	-1%	-2%	-2%
Zinc	\$/MT	2026.5	2071.4	2071.7	2015.2	2028.5	2039.9	2045.8	2050.8	2%	-3%	-2%
<b>Energy</b>												
Spot Crude 1/	\$/bbl	103.7	106.3	53.0	57.2	60.1	62.3	63.9	65.2	-49%	8%	18%
<b>Natural Gas</b>												
US, domestic market	\$/MMBTU	5.2	4.6	2.8	2.9	3.0	3.1	3.3	3.1	-46%	1%	9%
<b>Coal</b>												
Australian, export markets	\$/MT	82.6	77.9	66.2	61.9	55.1	57.8	67.2	62.9	-20%	-6%	-13%



# Monthly Inflation and Treasury Bill Rates

March 2015 Issue

## Domestic Inflation Rate

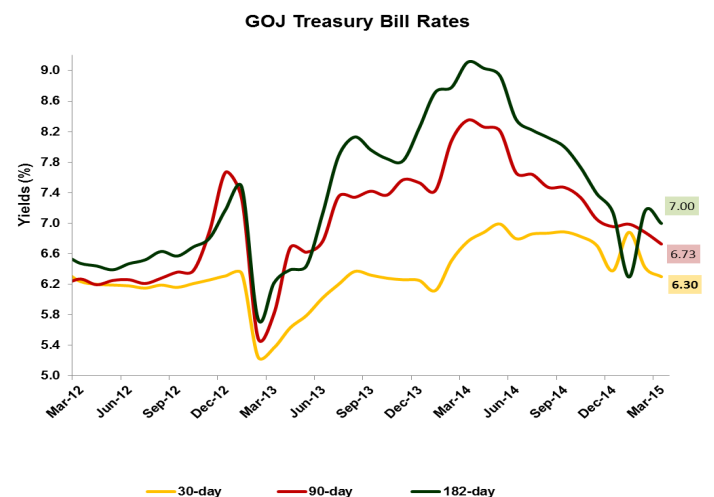
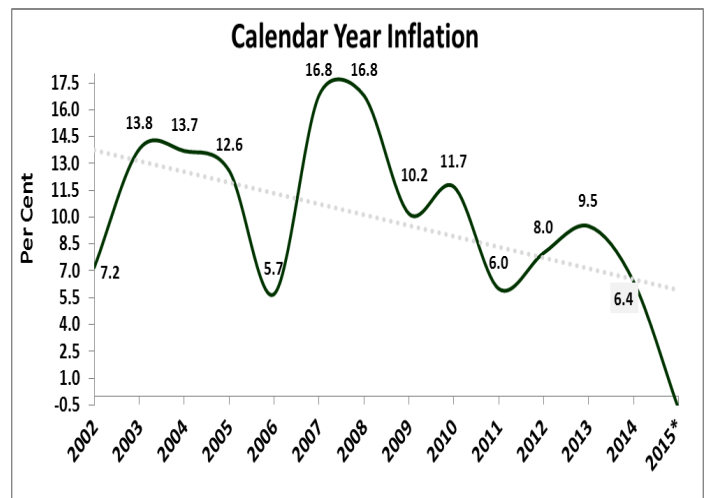
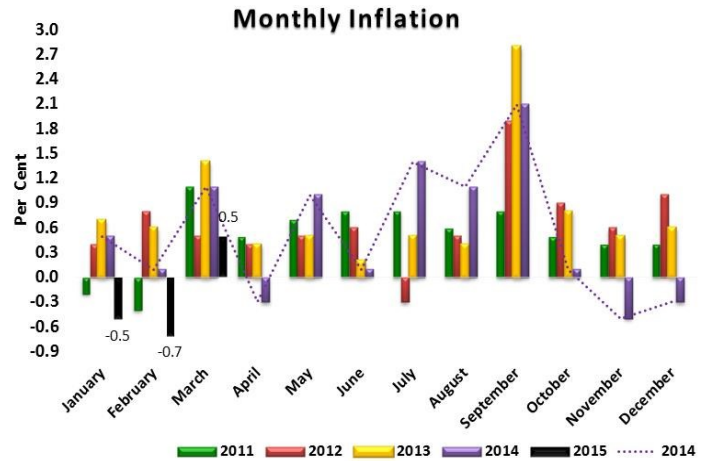
Domestic inflation, measured by the All Jamaica “All Divisions” Consumer Price Index (CPI) increased by **0.5%** for March 2015, following deflations of **0.5%** and **0.7%** observed for January and February 2015, respectively. According to the Statistical Institute of Jamaica, the outturn for the month was largely influenced by a sharp increase movements in *Housing, Electricity, Gas, and other Fuels*. This increase resulted from higher rates of electricity prices. However, the impact of higher electricity rates was tempered by reductions in the cost for vegetables and starches.

Inflation for all the three regional areas increased for March 2015. Inflation for the Greater Kingston Metropolitan area (GKMA), Other Urban Centers (OUC) and Rural Areas declined by **0.5%**, **0.5%** and **0.6%**, respectively.

For CY-March 2015, inflation rate is **-0.7%** compared to **1.6%** for CY-March 2014. Inflation for FY 2014/15 was **4.0%**. The outturn for the fiscal year is consistent with the media release on 21 January in which the Bank of Jamaica stated that the inflation for the FY2014/15 is expected to fall below the **7%- 9%** target range. The Bank said this outlook was derived from the changed inflation environment. The significant reduction in the global commodity prices will continue to impact this environment through 2016.

## GOJ Treasury Bill Rates

Yields on all tenors of GOJ Treasury Bills declined for the March 2015 auction. In this context, there were reductions of **12 bps** and **15 bps** and **17 bps** in the yields on the 30-day, 90-day and 180-day tenors of GOJ Treasury Bills. For the fiscal year, yields on the 30-day, 90-day and 182-day tenors fell by **46 bps**, **162 bps** and **211 bps**, respectively. The decline in the yield for the March 2015 auction may have reflected tighter Jamaica Dollar liquidity conditions which surrounded the tax season. Overall, the decline in the yields for the fiscal year may be an indication of improved confidence in the outlook for economic performance over the medium to



long term. Additionally, lower yields on the instruments may also reflect the improved outlook for the inflation environment, primarily in light of recent announcements by the Bank of Jamaica that inflation for the FY2014/15 will fall below the range of **7%- 9%**, and is expected to be within the **3%- 5%** range for FY2015/16.

# Monthly Exchange Rates Update

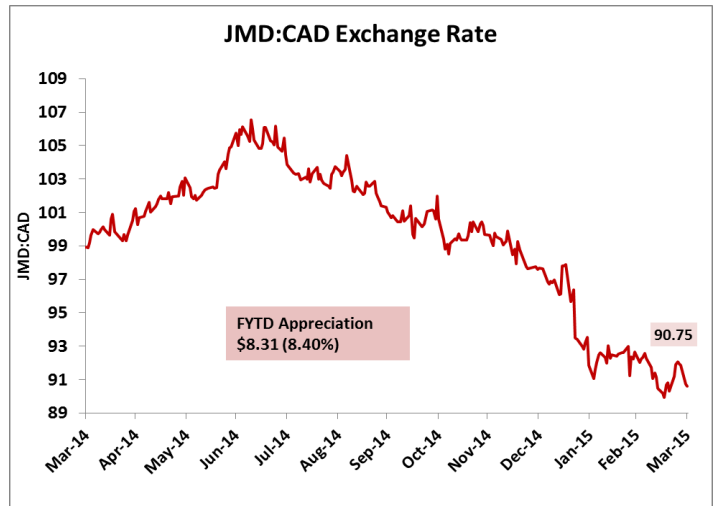
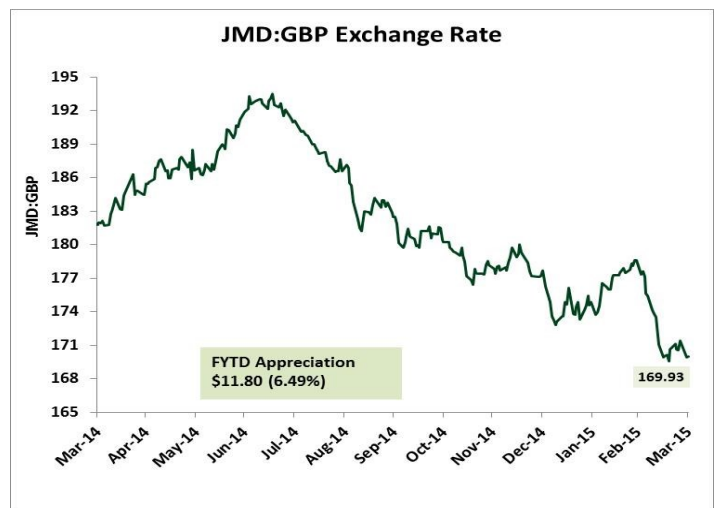
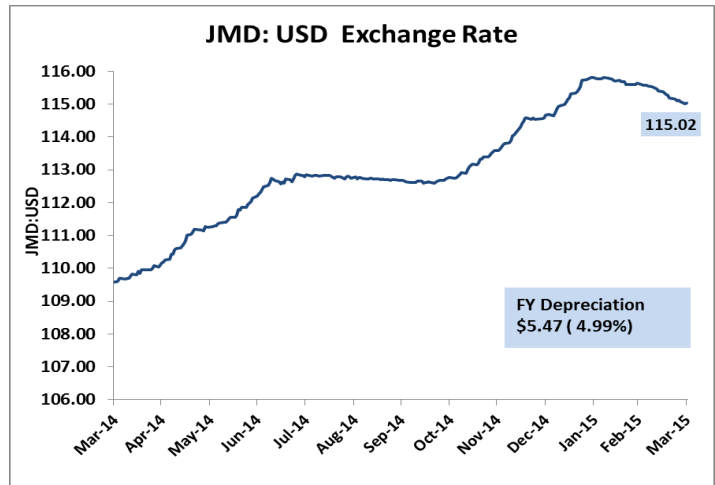
March 2015 Issue

Relative to February 2015, the Jamaica Dollar appreciated vis-à-vis all three major currencies. The appreciation against all three trading currencies for the month brought the Fiscal year depreciation to 4.99% (J\$ 5.47) relative to the US dollar and the fiscal year appreciation to 6.49% (J\$11.80) and 8.40% (J\$8.31) relative to the Great British Pound and Canadian dollar, respectively.

The Jamaica Dollar appreciated by **\$0.60 (0.52%)** vis-à-vis the US Dollar for March 2015 relative to February 2015. At end-March 2015, the Dollar traded at **J\$115.04=US\$1.00**. Similarly, the Dollar appreciated by **J\$8.66 (4.85%)** and **J\$2.02 (2.18%)** against the Canadian dollar and Great British pound, respectively. At end-March 2015, the Jamaica Dollar traded at **J\$169.93=GBP£1.00** and **J\$90.62=CAD1.00**, respectively.

The outturn for the month may have reflected tighter Jamaica Dollar liquidity against the background of increased demand or Jamaica Dollar to finance tax obligations. However, the slower pace of depreciation relative to the US Dollar for the fiscal year reflected largely reflect the impact of the progressively successful performance of Jamaica under the EFF, particularly in light of the most recent successful performance for the December 2014 quarter. The movement in the rates also reflects the improved confidence following the successful issue of the GOJ Eurobond in the September 2014 quarter. In addition, the movement in the rate has been largely responsive to the stock of Net International Reserves (NIR) at the Central Bank which continues to be boosted by disbursements from the International Monetary Fund (IMF) following each successful quarterly review.

The Bank of Jamaica explained that the slowdown in the pace of depreciation relative to last year in the rate was expected because of changes in the fundamentals that drive exchange rate. Net demand from the current account was much lower given the narrowing of the deficit. In addition, the fall in inflation in recent months has significantly narrowed the inflation differential. The BOJ expects that exchange rate depreciation will continue to



	FX-Trends CY Changes					
	J\$/USD	%	J\$/GBP	%	J\$/CAD	%
CYT-March 2015	0.38	0.3%	-7.70	-4.3%	-7.07	-7.2%
CY-2014	8.28	7.8%	1.98	1.1%	-2.03	-2.0%
CY-2013	13.40	14.4%	27.03	18.0%	2.71	2.9%



slowdown.

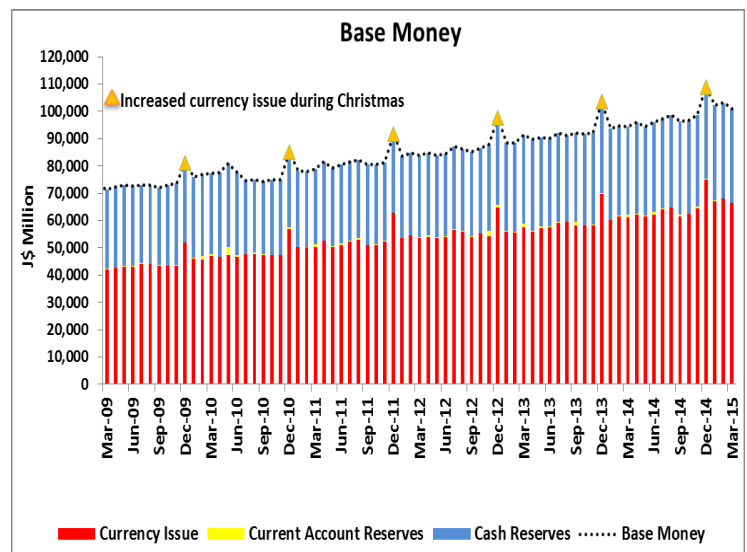
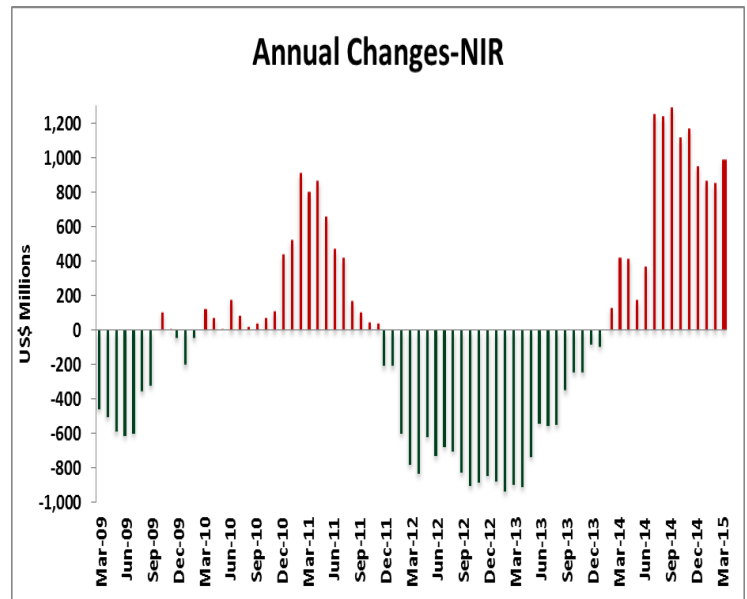
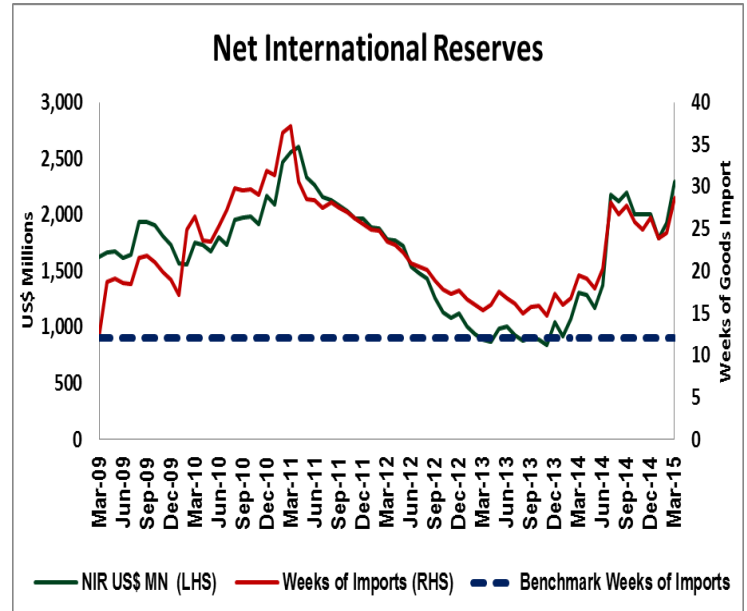
## Net International Reserves

At March 31, 2015, the stock of Net International Reserves (NIR) at the Bank of Jamaica was **J\$244.01 billion (US\$2,293.68 million)** reflecting an increase of **J\$39.63 billion (US\$372.50 million)** relative to the previous month. The stock of NIR for the month reflected an increase of **US\$990.06 million** for fiscal year 2014/15. For the month, the change in the NIR was largely due to an increase of **US\$387.98 million** in the external holdings of foreign assets which was partly offset by an increase of **US\$15.48 million** in liabilities to the IMF. At the end of fiscal year 2014/15, the gross reserves at the Central Bank were sufficient to finance **28.61** weeks of goods imports which represents **16.61** weeks over the international benchmark of **12** weeks of goods imports.

## Base Money

For March 2015, there was a contraction of **J\$2.21 billion (2.14%)** in the monetary base relative to the previous month. This contraction resulted in an end-month stock of **J\$101.29 billion**. The movement in the base mainly reflected net currency redemption of **J\$1.7 billion** and to a lesser extent declines of **\$453.8 million** and **\$66.9 million** in commercial banks' statutory cash reserves and current account balances. The contraction in the base resulted from a decline of **\$41.83 billion** in the Net Domestic Assets (NDA) which was partially offset by increase of **J\$39.63 billion** in the Net international Reserves (NIR).

On an annual basis, the multiplier increased from **2.76** at March 2014 to **2.78** at March 2015. For the same period, the monetary base increased by **J\$6.65 billion (7.05%)**. Consistent with the movements in the base and the multiplier,

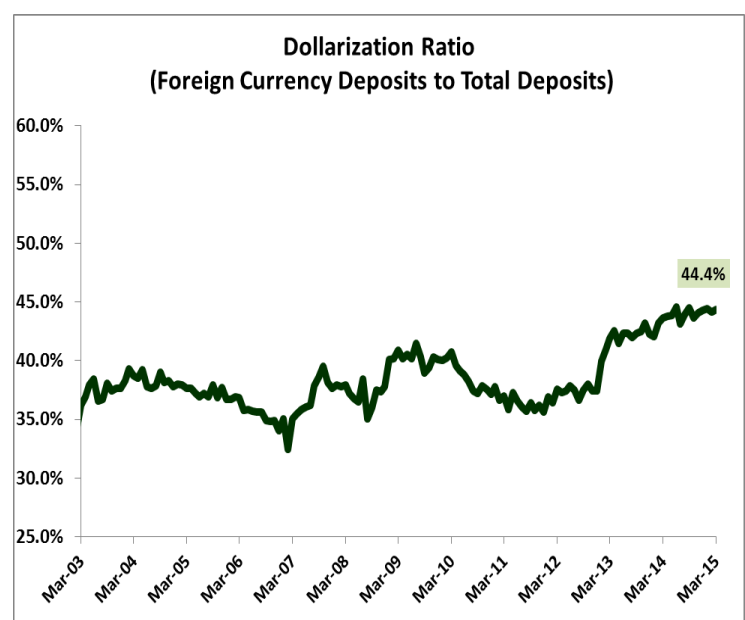
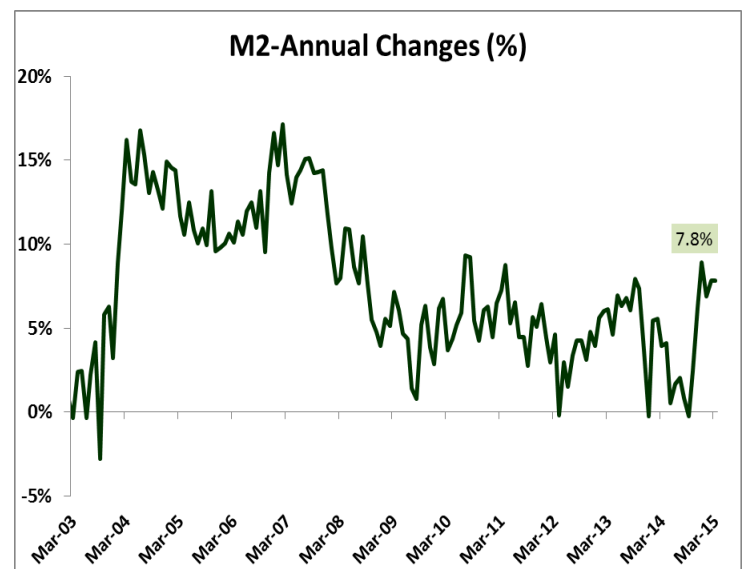
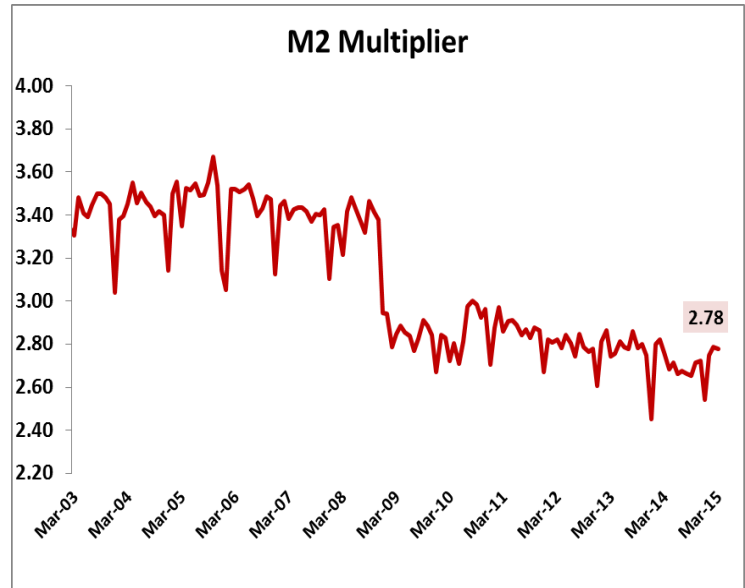


money supply increased by **J\$20.44 billion (7.84%)** for March 2015 relative to 2014. The increase in the supply of broad money would have contributed to the observed increase in private sector credit for the period.

## Dollarization Ratio

Revised data indicates that the dollarization ratio increased marginally from **43.6%** at March 2015 to **44.4%** at March 2014. This increase reflected the marginally stronger accumulation of foreign currency deposits in the commercial banking system relative to local currency deposits. This may be reflective of consumers' converting their holdings of local currency deposits to foreign currency deposits in light of a depreciation of **5.0%** in the exchange rate vis-à-vis the US dollar.

The dollarization ratio is the proportion of foreign currency deposits relative to total deposits in domestic financial institutions, in this case, the domestic financial institutions include only commercial banks. The dollarization ratio measures the extent to which citizens of Jamaica officially or unofficially use foreign currency as a legal tender for transacting businesses. Dollarization is an important indicator of currency substitution. Its presence is generally an indication that there is greater stability in the value of the foreign currency relative to the domestic currency. While dollarization is not unique to Jamaica as a developing country, the adverse effect is that it may increase the volatility of money demand and impinge on the capacity of the Central Bank to conduct monetary policy. In addition, it contributes to the depreciation of the local currency. Finally, dollarization, is regarded as an obstacle to the conduct of monetary policy, given that in the presence of dollarization, domestic monetary policy is also



# Commercial Banks Interest Rates

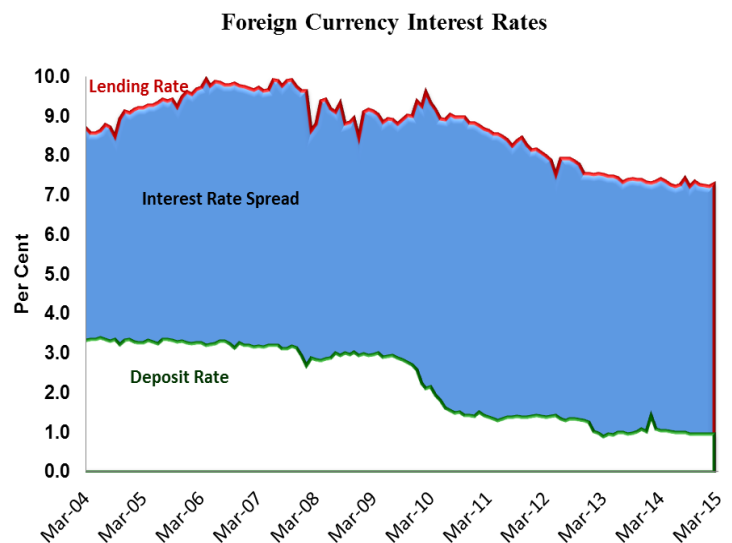
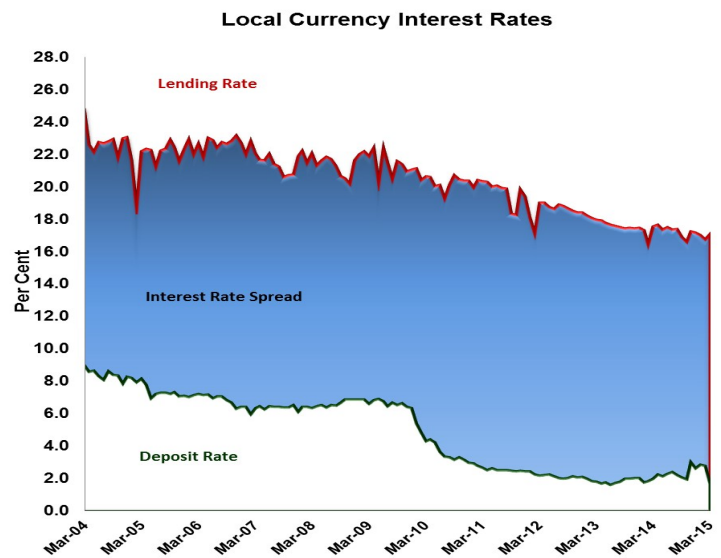
March 2015 Issue

impacted by foreign economic variables, therefore the Central Bank's autonomy is limited.

## Commercial Bank Interest Rates

The overall weighted average lending rate on local currency loans increased by **0.36 bps** to **17.10%** for March 2015 relative February 2015. The increase largely occurred in the context of an increase of **4.43 pps** on Central Government loan rates which was partially offset by declines all other categories of loans. As a consequence, the spread on domestic currency loans narrowed to **15.40%** at March 2015 relative to **13.95%** at February 2015.

Similarly, interest rates on foreign currency loans for March 2015 increased by **8 bps** to **7.21%** relative to February 2015. This change largely resulted from reductions in the rates on foreign currency personal loans by **5 bps**, which was supported by reductions in rates charged on personal credit and installment credit. The interest rate spread on foreign currency loans in commercial banks was **6.35%** for March 2015 from **6.27%** for February 2015.



### Domestic Currency Weighted Loan Interest Rates (%) March 2015

	Instalment Credit	Mortgage Credit	Personal Credit	Commercial Credit	LGOPE	Central Govt.	Overall A/W Rate
Monthly Change	-0.05	-0.01	-0.01	-0.05	-4.11	4.43	0.36
Annual Change	-0.58	-0.12	0.33	-0.15	-1.55	3.36	-0.47
End of Month	15.96	9.72	25.51	12.79	10.44	14.25	17.10

### Foreign Currency Weighted Loan Interest Rates (%) January 2015

Monthly Change	-0.01	0.00	-0.08	0.05	0.12	n.a	0.08
Annual Change	-0.04	-0.03	1.34	-0.05	-0.12	n.a	-0.06
End of Month	8.55	6.72	17.07	6.85	6.34	n.a	7.29

Tourist stopover arrivals rose to **176,621** for January 2015, reflecting an increase of **4.3%** relative to the January 2014. The uptick in the monthly arrivals largely resulted from an increase of **7,453** in stopover by foreign nationals.

At the end of December 2014, on a year-to-date basis, stopover arrivals increased to **2,080,181**, reflecting growth of **3.6%** or **71,772** relative to the corresponding period of 2013. The YTD increase in stopover arrivals largely resulted from greater number of foreign nationals visiting the island.

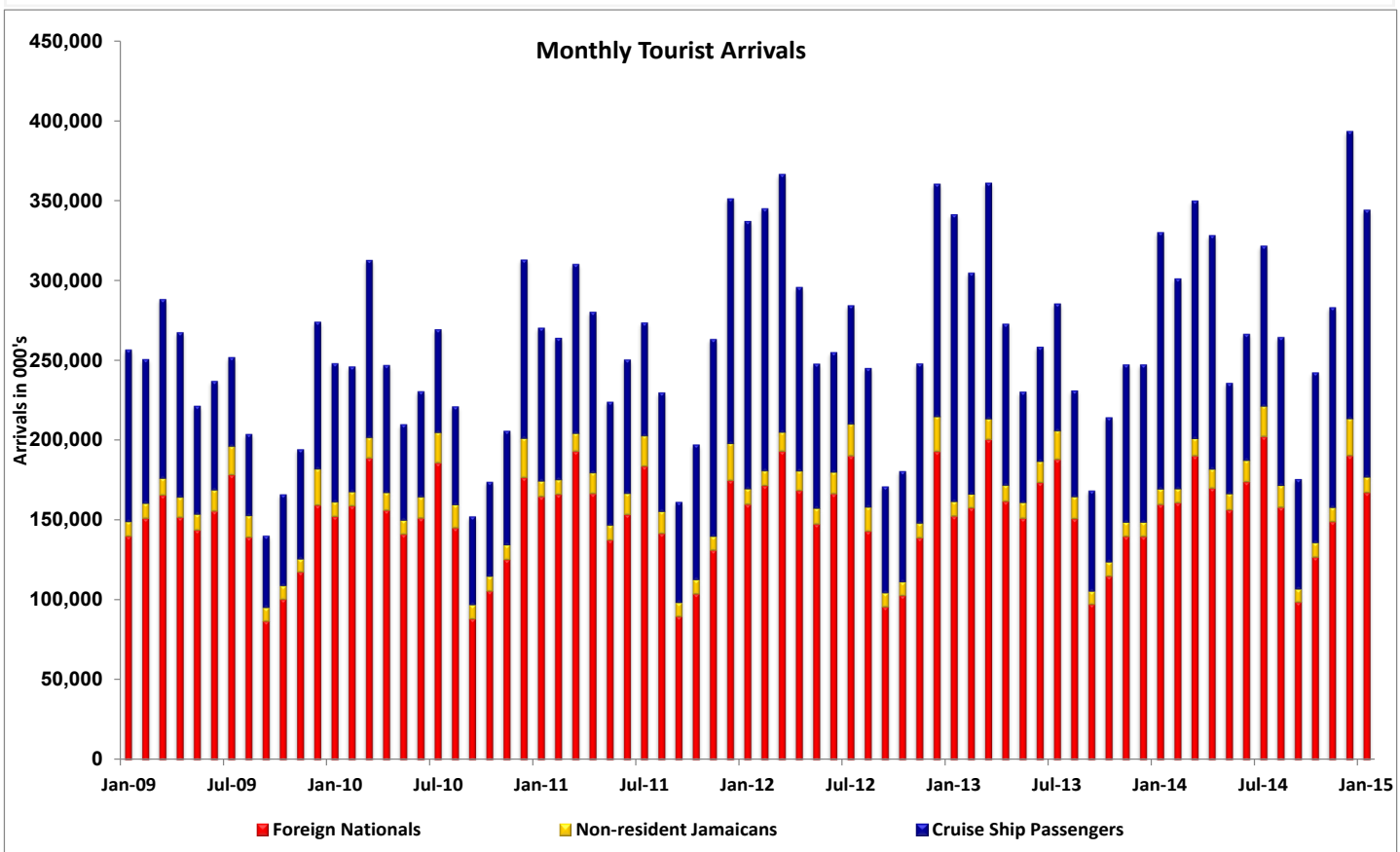
Data from the Jamaica Tourist Board indicates that approximately **53.8%** of all stopover arrivals originate from the USA market region, approximately **57%** of which originated in the north western region. The remaining **46.2%** of the arrivals originated from Canada, UK and other regions including the Latin America, the Caribbean and Asia.

For the calendar year, approximately **76.6%** of all visitor arrivals was leisure for the purpose of vacation while the remaining

**23.4%** was mainly for the purposes of among business, weddings/honeymoons and visiting friends and relatives.

Cruise passenger arrivals increased by **4.1%** to **167,591** for January 2015 when compared to 2014. For calendar year 2014, cruise ship arrivals increased by **14.5%** to **1,413,151** relative to **1,208,539** recorded in 2013

The PSOJ is forecasting a relatively healthy 2014/15 tourist season for Jamaica. This forecast is due in part to the relatively strong growth in the major determinants of tourist arrivals to Jamaica. These include the overall growth in the US economy and improvement in rates of employment. The US economy is expected to grow by **2.8%** in 2015, while real consumer spending is expected to grow by **3.3%** over the **2.8%** recorded in 2014. These determinants should have a very positive impact on the arrivals from the States. With the Stronger US economy, disposable incomes of Americans should increase, hence expenditure per visitor should also increase.





# Remittance Inflows Update

March 2015 Issue

The PSOJ is projecting robust growth in remittance flows to Jamaica for the 2015 calendar year, this position is supported by the projected robust growth in real GDP, employment and real consumer spending in the United States. Major indicators and trends suggest that remittance flows could grow as much as 6 % over 2014.

For January 2015, gross remittance inflows were **US\$166.2 million**, reflecting an increase of **US\$8.1 million (5.1%)** relative to January of 2014. The outturn for monthly remittance inflows for January 2015 was above the average inflows of **US\$148.4 million by US\$18 million (12%)** for the previous five corresponding periods. The growth in total remittance inflows largely reflected increases of **US\$4.4 million** in flows through remittance companies and an additional **US\$3.7 million** in inflows via other remittances. Data from the BOJ shows that gross remittance inflows for 2014 reached a record **US\$2,159.7**, an increase of **US\$94.7 (4.2%)** over the flows for 2013.

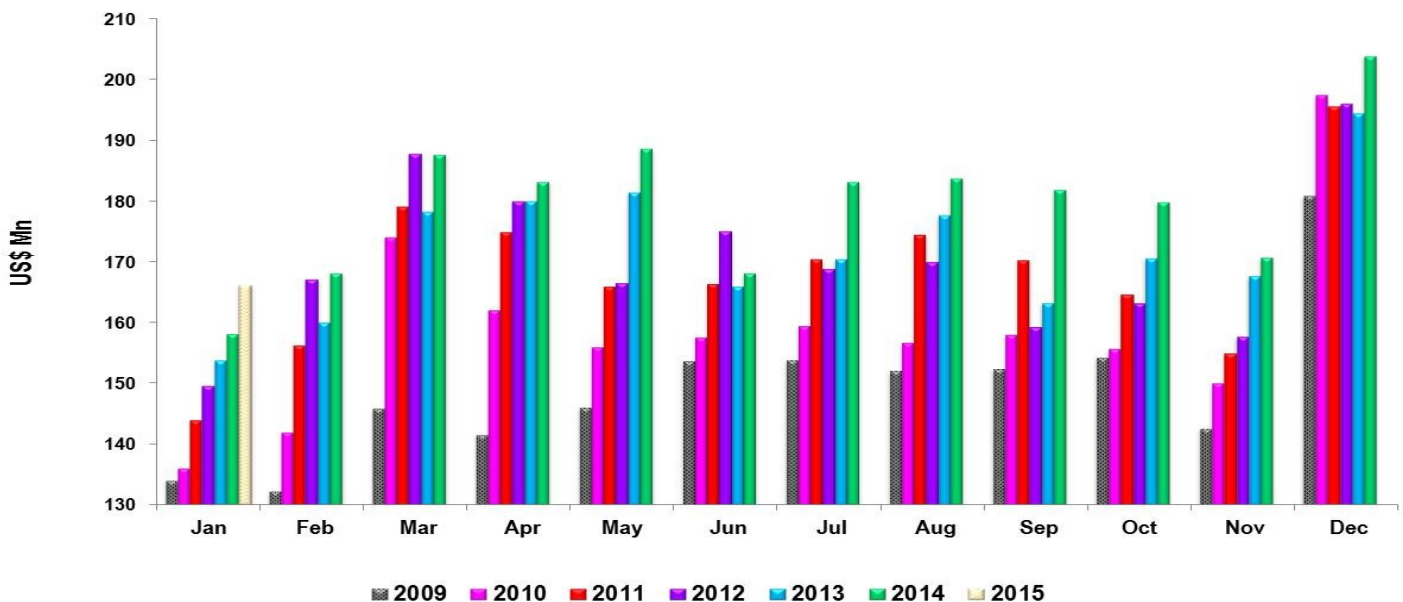
Similarly, for January 2015, net remittance inflows were **US\$147.4 million**, an increase of **US\$9.5 million or (6.9%)** relative to the January of 2014. Data from the BOJ shows

that net remittance amounted to **US\$1,926.5 million** for the calendar year 2014. This reflected an increase of **US\$102.1 million (5.6%)** relative to remittance inflows for of 2013.

For the FY-to-December 2014, net remittance inflows rose by **US\$72. million (5.2%)** to **US\$1,465.9 million** relative to the corresponding period of FY2012/2013. The growth in net remittances reflected an increase in gross remittance inflows which was supported by a contraction in outflows.

According to the BOJ Monthly remittance report, remittance inflows to Jamaica show some congruence with trends in key sectors in which Jamaican workers are employed. The report stated that the trend in the growth of earnings in the Leisure and Hospitality sector typically moves in line with the pattern of growth in gross remittance inflows from US to Jamaica prior to 2013. However, for the third quarter of 2014, the downward trend in average weekly earnings in the Leisure and Hospitality sector shows a reversal of the strong co-movements with gross remittance inflows from US observed in previous quarters. This was attributable to an increase in employment of the Jamaican diaspora in other sectors of the US economy.

Monthly Remittance Inflows



# Domestic Bauxite and Alumina Production

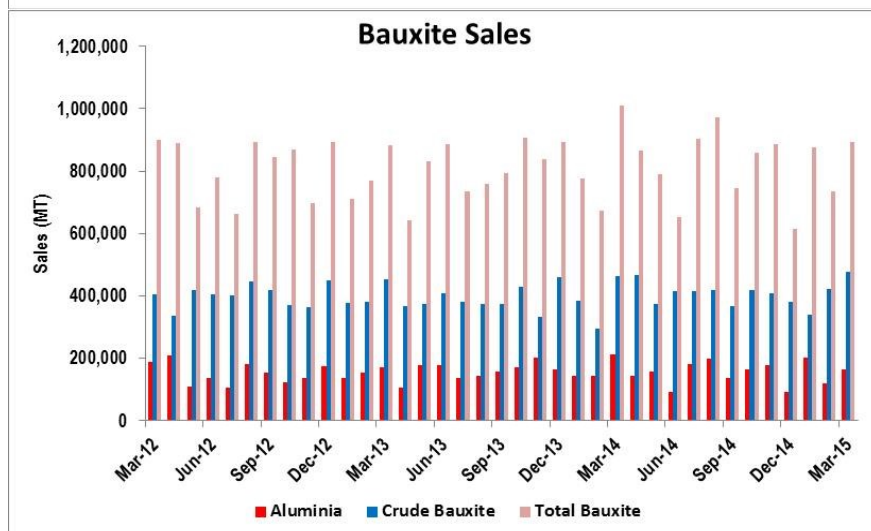
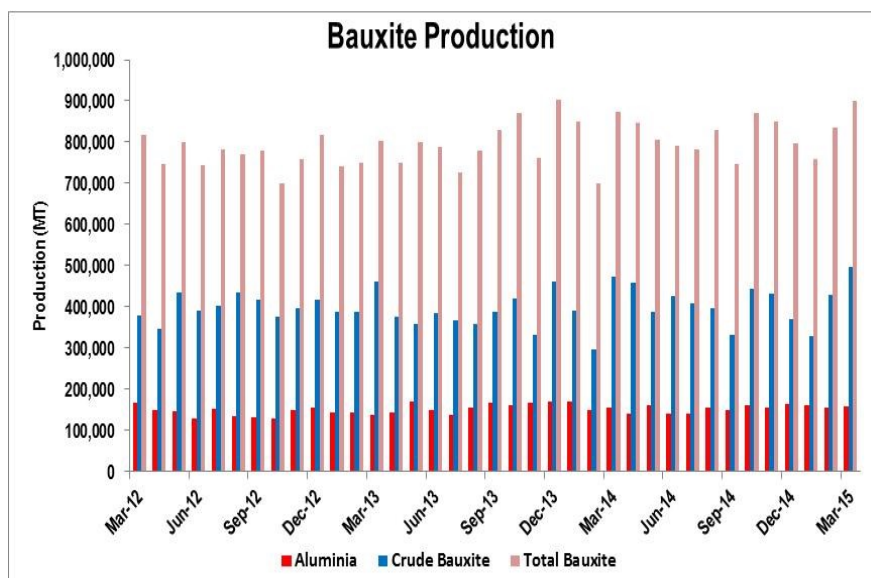
March 2015 Issue

Market Analysts at Reuters projects that the market for aluminum is expected to move from an oversupply of **235,500 tons** in 2014 to a deficit of **4,444 tons** in 2015. If this materializes, there should be greater demand for local alumina given the fall in crude oil prices this state of the market, subject to existing contracts, should be good news for Jamaica. IMF price projections show an increase in price by **6%** in first quarter relative to 2014 and a downgrade to **1%** by the end of 2015.

For March 2015, the production of alumina was **160,227 tonnes**, representing an increase of **5,645 (3.65%) tonnes**, relative to March 2014. This brought YTD production level to **476,839 tonnes (0.25%)** increase over the corresponding period last year. The sale of alumina fell by **45,704 tonnes (21.64%)** relative to March of 2014. Similarly, YTD alumina sales fell by **11,369 tonnes (2.3%)** in comparison to March 2014.

The production of crude bauxite increased in March 2015 relative to March 2014 by **22,276 tonnes (4.71%)**. Similarly, the YTD production of crude bauxite increase **95,198 tonnes (8.21%)**. The sale of crude also increased by 2.3% in March relative to march 2014. Year-to-date crude bauxite exports increased by **95,469 (8.3%)** over the corresponding period of 2014.

The production of total bauxite increased in March 2015 relative to March 2014 by **26,928 tonnes (3%)**. Similarly, YTD total bauxite production increased, by **17,1825 (0.73%)**. Annually, sales of total bauxite has fallen by **116,392 (11.5%)**, YTD sales of total bauxite has fallen by **11,361 (0.50%)**,



PERIOD	PRODUCTION			SALES		
	ALUMINA	CRUDE BAUXITE	TOTAL BAUXITE	ALUMINA	CRUDE BAUXITE	TOTAL BAUXITE
<b>MONTH</b>						
2015	160,227	495,685	900,458	165,453	475,932	893,937
2014	154,582	473,409	873,530	211,157	463,032	1,010,329
% Chg 2015/14	3.65	4.71	3.08	-21.64	2.79	-11.52
2013	137,989	461,185	804,357	172,736	452,479	881,997
% Chg 2014/13	12.02	2.65	8.60	22.24	2.33	14.55
<b>Y-T-D</b>						
2015	476,839	1,254,989	2,444,809	487,367	1,238,883	2,456,253
2014	475,671	1,159,791	2,426,985	498,736	1,143,414	2,467,614
% Chg 2015/14	0.25	8.21	0.73	-2.28	8.35	-0.46
2013	426,804	1,236,130	2,361,083	463,997	1,209,924	2,436,909
% Chg 2014/13	11.45	-6.18	2.79	7.49	-5.50	1.26

## Stock Market Update

On the last trading day in March 2015, the main JSE index advanced by **2,697** points (**3.22%**) to **83,804.6** points. The JSE combined index also increase by 2,602.68 ( 3.05%) points . JSE US Equities Index fell by 0.2 points ((0.2%) to close at 128.99 points the JSE Cross Listed Index remained unchanged .

The overall market activity for the last trading day of March 2015 resulted from the trading of thirty one (31) stocks, of which **16** advanced, **10** declined and **5** traded firm. Resulting from these trades, a total of **99,910,075** units of stock were traded at a total value of **\$1,970,383,691**. Consequently, at end-March 2015, market capitalization was **\$325.57** billion relative to the capitalization value of **\$315.06** billion at end-March 2015. This reflects a monthly increase of **\$10.5** billion (**3.3%**).

The volume leaders on the last trading day of March 2015 were Pan Jamaican Investment Trust **24,456,183** (**24.5%**), Sagicor Group Jamaica Limited **17,433,306** (**17.45%**) and Supreme Ventures Limited with **10,413,408** (**10.42%**) The companies with the highest growth in stock price for the month of March 2015 were Supreme Ventures Limited (**24.35%**), National Commercial Bank (**13.13%**), Jamaica Broilers (**11.11%**) and Pan Jamaican Investment (**8.03%**). The top four companies with the biggest prices loss for the month were Caribbean Cement (**13.5%**), the Gleaner Company (**10.53%**), Carreas Limited (**10.18%**), and Jamaica Producers (**8.24%**) .

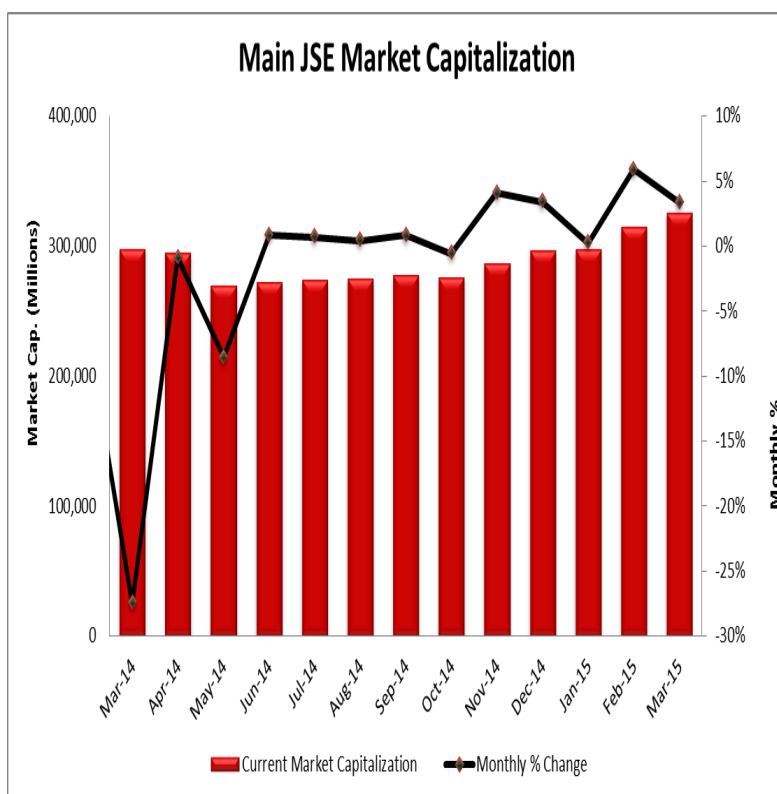
On an annual basis, the top four advancing stocks were Kingston Properties Limited (**75.25%**), National Commercial bank (**41.35%**), Salada Foods Jamaica

Limited **28.6%**) and Seprod Limited (**27.3%**). Meanwhile, Pulse Investment (**53.95%**), Caribbean Cement (**45.65%**), Hardware and Lumber (**29.5**) and Palace Amusement (**26.32%**) incurred the most significant price losses for the period under review.

Following four relatively good months of trading with market capitalization growth of **4%**, **0.23%** **5.9%** and **3.3%** respectively, one can conclude that investors are more positive about the economy than they were a year ago. With Many analysts predicting positive growth in 2015, the stock market should continue to pick up steam in the second quarter.

These positive developments the JSE continue to signal the slow but progressive recovery of economic conditions. This gradual recovery in the stock markets is expected to strengthen throughout the remainder of 2015 in which greater economic grow

these is expected these improvements also suggest a return of confidence to the markets generally in line with the expectation that economy is moving in the right direction albeit slowly.



Macroeconomic conditions continue to strengthen in February 2015 and analysts expect this trajectory to continue throughout much of 2015. The observed health in economic conditions was manifested in key variables which include a relatively robust NIR, a stable exchange rate, low consumer prices, increased levels of remittances, robust growth in tourism and mining and quarrying. The PSOJ expect these positive signs should augur well for growth in real GDP for 2015 in the range of **1.2% to 2.2%**. Growth in 2015 will be significantly influenced by the type of budget that is passed in April of 2015.

In addition to these fundamentals, The country continues to perform relatively well under the current IMF Extended Fund Facility. On the down side there continues to be failure on the revenue targets as the economy has not been able to grow at the desired rate over the last year even in the face of two good quarters of growth in real GDP in 2014. Major economic indicators continue to move on the right trajectory which is reflected in business and consumer confidence which continues to move in the right direction. In support of the improvement in economic conditions, the international rating agencies Fitch and Moody's have upgraded Jamaica's credit worthiness.

⇒ This continued improvement in business and economic conditions is further manifested in the positive movement in the Stock markets which had market capitalization growth of **5.9%** in February when compared to the **0.23%** in January. On the last trading day in February 2015, the main JSE index advanced by **1384 points (1.73%)** to **79,880 points** while both the JSE US Equities Index and the JSE Cross Listed Index remained unchanged. The JSE combined Index, the All Jamaica composite and the JSE Select Index all advanced by **1.5%, 1.8% and 2.2%** respectively.

⇒ The significant reduction in global commodity prices, espe-

cially crude will continue to have a positive impact on general economic conditions especially inflation and growth in Jamaica. In this regard There were price reductions in **68%** of the commodities monitored for February 2015. The price of both crude oil indices increased, breaking the seven consecutive months of price reductions. The Brent and the WTI increased by **17.6%** and **6.5%**, respectively. Natural gas fell **4.3%**. The IMF's Fuel Energy Index increased by **12.8%**, the Food and Beverage Index fell by **3.5%**.

⇒ In line with global price movements, domestic inflation, measured by the All Jamaica "All Divisions" Consumer Price Index (CPI) declined by **0.7%** for February 2015, following declines of **0.5%, 0.3% and 0.5%** observed in the later part of 2014. For CY-February 2015, inflation rate is **-1.2%** compared to **0.6%** for CY-February 2014. Inflation for FY-to-February 2015 was **3.4%**

⇒ Following the February 2015 auction, there was a reduction of **46 bps** and **11 bps** in the yields on the 30-day and 90-day tenors of GOJ Treasury Bills. However, the yields on the 90-day tenor increased by **86 bps**. On an annual basis, yields on the 30-day, 90-day and 182-day tenors fell by **9 bps, 120 bps and 162 bps**, respectively.

⇒ The overall weighted average lending rate on local currency loans declined by **0.18 percentage points (pps)** to **17.01%** for January 2015 relative to December 2014. Similarly, interest rates on foreign currency loans for January 2015 fell by **0.02 pps** to **7.25%** relative to December 2014.

⇒ The Jamaica Dollar appreciated by **\$0.17 (0.2%)** vis-à-vis the US Dollar at end-February 2015 relative to January 2015. At end-February 2015 the Dollar traded at **J\$115.64=US\$1.00**. On the other hand, the Dollar depreciated by **J\$0.76 (0.8%)** and **J\$3.72(2.2%)** against the



- Canadian dollar and Great Britain pound, respectively. At end-February 2015, the Jamaica Dollar traded at **J\$178.63=GBP£1.00** and **J\$92.64=CAD1.00**, respectively.
- ⇒ The stock of Net International Reserves (NIR) at the Bank of Jamaica was **J\$204.38 billion (US\$2301.76 million)**, at end-February 2015 reflecting an increase of **J\$14.4 billion (US\$135.82 million)** relative to the previous month. At end-February, the gross reserves at the Central Bank were sufficient to finance **24.49** weeks of goods imports which represents **12.49** weeks over the international benchmark of **12** weeks of goods imports.
- ⇒ For February 2015, there was an expansion of **J\$1.18 billion (1.2%)** in the monetary base relative to the previous month. This expansion resulted in an end-month stock of **J\$103.28 billion**. The movement in the base mainly reflected net currency issue of **J\$1.11 billion** and to a lesser extent an increase of **\$151.77 million** in commercial banks' statutory cash reserves.
- ⇒ The dollarization ratio increased by 9.6 percentage points to **52.8%** at December 2014 from **43.2%** at December 2014. This increase reflected the stronger accumulation of foreign currency deposits in the commercial banking system relative to local currency deposits. This is reflective of consumers' converting their holdings of local currency deposits to foreign currency deposits for speculative and business demand purposes primarily, based on feedback.
- ⇒ Tourist stopover arrivals rose to **176,621** for January 2015, reflecting an increase of **4.3%** relative to the January 2014. At the end of December 2014, on a year-to-date basis, stopover arrivals increased to **2,080,181**, reflecting growth of **3.6%** or **71,772** relative to the corresponding period of 2013. Cruise passenger arrivals increased by **4.1%** to **167,591** for January 2015 when compared to 2014. For calendar year 2014, cruise ship arrivals increased by **14.5%** to **1,413,151** relative to **1,208,539** recorded in 2013.
- ⇒ For December 2014, gross remittance inflows were **US\$204.9 million**, reflecting an increase of **US\$10.4 million (5.4%)** relative to the corresponding month of the previous year. This monthly increase in remittances pushed the gross remittance inflows for 2014 to a record **US\$2,159.7**, an increase of **US\$94.7 (4.2%)** over the flows for 2013. Net remittance inflows were **US\$183.7 million**, an increase of **US\$9.8 million or (5.6%)** relative to the December of 2013. The uptick in remittance for the month contributed to the total net remittance of **US\$1,926.5 million** for the calendar year 2014.
- ⇒ For February 2015, the production of alumina was **154,442 tonnes**, representing a reduction of **7,728 (4.8%) tonnes**, relative to February 2014. This brought an annual increase of **4,611 tonnes (3.1%)** for the month of February. The sale of alumina fell by **83,494 tonnes (41.2%)** relative to January 2014. Similarly, alumina sales fell by **23,312 tonnes (16.4%)** in comparison to February 2014. Year-to-date crude bauxite production and exports increased by **73,002 (10.6%)** and **82,569 (12%)** respectively. Year-to-date total bauxite production and exports increased, by **(0.25%)** and **(8.4%)** respectively.

# Statistical Index: Major Macro-Economic Indicators

March 2015 Issue

	Monthly Inflation	Saving Rate	Lending Rate	Exchange Rate	NIR	Gross Remittance Inflows	Tourist Arrivals	Oil Price-Brent	Oil Price-WTI
Month	%	%	%	JS/US\$	US\$B	US\$M	Total (000s)	US\$ Per barrel	US\$ Per barrel
Jan-12	0.40	2.45	18.13	86.78	1.8826	149.70	337,100	119.70	102.26
Feb-12	0.80	2.25	17.13	86.91	1.8747	167.24	345,007	124.93	106.15
Mar-12	0.50	2.19	19.03	87.25	1.7771	187.87	366,518	120.59	103.28
Apr-12	0.40	2.19	19.04	87.33	1.7718	180.11	295,858	120.59	103.28
May-12	0.50	2.24	18.76	87.75	1.7188	166.65	247,937	110.52	94.51
Jun-12	0.60	2.14	18.65	88.48	1.5404	175.16	255,121	95.59	82.36
Jul-12	-0.30	2.02	18.92	89.24	1.4838	168.89	284,514	103.14	87.89
Aug-12	0.50	2.00	18.84	89.73	1.4286	170.13	245,204	113.34	94.11
Sep-12	1.90	2.02	18.70	89.90	1.2578	159.37	171,229	113.38	94.61
Oct-12	0.90	2.14	18.53	90.64	1.1328	163.37	180,835	111.97	89.52
Nov-12	0.60	2.05	18.42	91.46	1.0782	157.79	248,141	109.71	86.69
Dec-12	1.00	2.10	18.44	92.65	1.1257	196.18	360,493	109.64	88.19
Jan-13	0.70	1.98	18.23	93.45	1.0091	153.98	341,365	112.93	94.65
Feb-13	0.60	1.82	18.09	95.66	0.9395	160.11	304,889	116.46	95.30
Mar-13	1.40	1.80	17.97	97.76	0.8843	178.42	361,131	109.24	93.12
Apr-13	0.40	1.67	17.92	99.55	0.8662	180.15	272,891	102.88	92.02
May-13	0.50	1.74	17.77	99.12	0.9889	181.54	230,392	103.03	94.72
Jun-13	0.20	1.61	17.66	100.82	1.0032	166.03	258,535	103.11	95.79
Jul-13	0.50	1.71	17.58	101.76	0.9297	170.54	285,601	107.72	104.55
Aug-13	0.40	1.81	17.53	101.94	0.8817	177.77	231,205	110.96	106.55
Sep-13	2.80	1.97	17.45	102.64	0.9102	163.37	168,650	111.62	106.31
Oct-13	0.80	1.97	17.48	104.65	0.8904	170.75	214,430	109.48	100.50
Nov-13	0.50	2.03	17.44	105.60	0.8357	167.79	247,512	108.08	93.81
Dec-13	0.60	2.04	17.49	106.15	1.0478	194.50	247,512	110.63	97.90
Jan-14	0.50	1.77	17.33	106.90	0.9178	158.20	330,201	107.57	95.00
Feb-14	0.10	1.85	16.45	107.93	1.0694	168.30	301,276	108.81	100.70
Mar-14	1.10	1.98	17.57	109.21	1.3036	187.80	349,890	107.41	100.57
Apr-14	-0.30	2.26	17.66	110.16	1.2851	183.30	328,304	107.88	102.18
May-14	1.00	2.12	17.35	111.26	1.1650	188.70	235,856	109.68	102.00
Jun-14	0.10	2.29	17.50	112.20	1.3761	168.30	266,550	111.87	105.24
Jul-14	1.4	2.41	17.38	112.85	2.1800	183.2	321,765	106.98	102.99
Aug-14	1.1	2.21	17.42	112.74	2.1200	183.9	264,592	101.92	96.38
Sep-14	2.10	2.05	16.91	112.67	2.2000	na	175,758	97.34	93.35
Oct-14	0.10	1.93	16.62	112.76	2.0000	na	242,543	87.27	84.40
Nov-14	-0.5	3.01	na	113.59	2.0000	na	283,246	78.44	75.70
Dec-14	-0.3	2.64	17.24	114.66	2.0000	182.0	393371	62.16	59.10
Jan-15	-0.5	2.84	17.01	115.81	1.7800	179.9	344,212	48.42	47.60
Feb-15	-0.7	2.8	16.74	115.64	2.3020	204.9	na	56.93	50.72
Mar-15	0.5	1.69	17.1	115.04	2.4401	166.2	na	55.79	47.78

## KEY

ACP— Africa Caribbean Pacific States	Loan – Average Loan Rate
BM – Base Money	M – Monthly Percentage Change
BP — Basis Points	M2 – Money Supply
CaPRI— Caribbean Policy and Research Institute	MT – Million tonnes
CARICOM— Caribbean Community & Common Market	N/A – Not Available
CARIFORUM— CARICOM and Dominican Republic	NIR – Net International Reserves
CPI – Consumer Price Index	OMO – Open Market Operation
CSME— Caribbean Single Market & Economy	P – Point-to-Point Percentage Change
EC— European Commission	R – Revised
EPA—Economic Partnership Agreement	S – Stopover
EU—European Union	Save – Average Savings Deposit Rate
FX Dep – Foreign Exchange Deposit	T-bill – 6-month Treasury Bill Yield
JCB – Jamaica Conference Board	Tourism – Total Tourist Arrivals
JCC – Jamaica Chamber of Commerce	WATBY- weighted average Treasury bill yield
KMA — Kingston and Metropolitan Area	WTO—World Trade Organization
KSA—Kingston and St. Andrew	OECD—Organisation for Economic Co-operating and Development (membership of 30 major countries)
WTI — West Texas Intermediate (Spot Oil Price)	

The contents of this bulletin are only for use by the addressee. The information is provided on a strictly confidential basis to subscribers.

All **opinions and estimates** constitute the PSOJ's judgment as at the date of the bulletin and are subject to change without notice.

Copyright Reserved © 2003.

**The Private Sector Organization of Jamaica, 39 Hope Road, Kingston 6**

**Tel: 927-6238/6958 Fax: 927-5137 Email: Web site: <http://www.psoj.org>**

## SUBSCRIBE TO THE ECONOMIC BULLETIN

Please **complete form** and return to PSOJ by fax as soon as possible. Thank you.

(Complete form in **Capital Letters** and make a **mark** where appropriate)

**FAX # : (876) 927-5137**

Subscriber: \_\_\_\_\_ (Company / Individual)

Address: \_\_\_\_\_  
\_\_\_\_\_

**Contact Person Information** (Matters pertaining to Subscription)

Name: \_\_\_\_\_ ( Mr. / Mrs. / Miss. / Dr. / Hon )

Position: \_\_\_\_\_

Telephone: ( \_\_\_\_\_ ) \_\_\_\_\_

Fax: ( \_\_\_\_\_ ) \_\_\_\_\_

Email: \_\_\_\_\_

**Bulletin Recipients** (additional recipients) [*first then last name*]

**NAME 1:** \_\_\_\_\_

( Mr. / Mrs. / Miss. / Dr. / Hon )

Position: \_\_\_\_\_

Email: \_\_\_\_\_

**NAME 2:** \_\_\_\_\_ ( Mr. / Mrs. / Miss. / Dr. / Hon )

Position: \_\_\_\_\_

Email: \_\_\_\_\_

**Annual  
Subscription  
(Jan-Dec)**  
PSOJ Members: \$10,500  
(Plus G.C.T. )  
Non-members: \$14,000  
(Plus G.C.T. )

**Payment Options**  
Cheque  
Money Order  
(No Cash Payment)  
(Payment must be included with  
your order form)

The Economic Bulletin is a monthly synopsis of the major developments impacting the Jamaican economy. It covers a wide range of areas including inflation, the financial markets, fiscal accounts, tourism, the productive sectors and external trade. In addition to tracking changes in the main indicators, it also goes behind the numbers to examine the underlying factors driving those changes. The Bulletin also provides insight into how current trends may shape developments going forward in order to help inform your business decisions.