



MONTHLY ECONOMIC BULLETIN

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The CEO'S Remarks

In the November 2013 edition of this bulletin, I wrote the following *“What is going to be important...is that we continue to stay the course and have faith in the programme that has been crafted. This is the best opportunity that we have had to competitively transform the economy, and we must have the confidence in the programme. “*

Since then we have seen where the economy has significantly improved and we now celebrate the JSE outperforming the world in terms of performance, increasing business and consumer confidence, low levels of interest and inflation rates, declining rate of exchange rate depreciation, and increased investments and consumer spending.

This has been buoyed by an improving fiscal and balance of payments accounts, and very importantly an improved legislative environment.

The PSOJ has therefore remained steadfast (as contained in the letter to the government and opposition) that the only solution to our economic stagnation was the continuation of the economic reform programme (ERP), and resulting fiscal discipline.

This has proven to be fruitful, and we have been rewarded with improvements in the Doing Business Ranking, Forbes list of best places to do business, and increased confidence by international investors.

As we move forward, in addition to continuing the ERP, and maintaining fiscal discipline, the PSOJ has also highlighted a few areas of focus that must be addressed. These include Public Sector Bureaucracy, a more competitive tax environment, crime and discipline, and a focus on job creation.

We are aware that many persons have been saying that even though there is improved economic activity (some of our members have reported increased transactions this past Christmas by as much as 20% and money supply in that period was 11% over PY), the fact is that it is still not being felt in many quarters on the ground.

This as you will recall has been another point being made in this bulletin, that the greatest risk to the economic recovery remains the labour market. The challenge with the labour market is that a large segment is unskilled, and even amongst skilled workers, the productivity is low in relation to our competitors.

We have therefore been emphasizing this need for training and support at all levels, and for example we have been encouraging HEART to ramp up its offer of vocational training courses, and recently we have signed an MOU with the DBJ to issue technical assistance vouchers to aid MSMEs in building their capacity.

This drive is important as the only way for Jamaica to truly develop is to improve labour productivity. And the only way for us to improve labour productivity is to ensure improved training levels across the country, as our comparative advantage in a global world rests in the labour advantage.

The competitive advantage that Jamaica can gain rests in niche industries and services, which require a highly trained labour force. So while we focus on the other areas such as bureaucracy, crime, and tax, it is important for us to develop a labour force that can compete with the best in the world.

Economic Highlights December 2015

- ⇒ On December 16, 2015 the Executive Board of the International Monetary Fund completed the tenth review of Jamaica's economic performance under the program supported by a four-year, SDR 615.38 million arrangement under the Extended Fund Facility (EFF). According to Mr. Min Zhu, Deputy Managing Director and Acting Chair, on one hand the authorities continue to have an impressive track record of strong program implementation under the Extended Fund Facility. He highlighted that macroeconomic stability continues to strengthen, vulnerabilities have reduced substantially, and structural reforms have progressed and Jamaica has made important achievements under the economic program. He added that with macroeconomic stability well-established, the recalibration of fiscal and monetary targets should help support growth and job creation. On another hand fiscal sustainability requires continued reduction in the government wage bill and safeguarding revenues. In this regard, concrete efforts are needed to modernize the public sector and improve the efficiency of public services.
- ⇒ At the end of December 2015, the value of the Jamaica Dollar depreciated by J\$0.38 or 0.32% to J\$120.24=US\$1.00. While Canadian dollar and the Great Britain pound appreciated by J\$4.30 and J\$3.83 respectively. At the end of the month the Jamaican dollar value relative to the CAD\$1.00 and GBP£1.00 was JA\$84.91 and JA\$177.12 respectively
- ⇒ Inflation, measured by the All Jamaica "All Divisions" Consumer Price Index (CPI) increased by 0.2% for the period December 2015 over November 2015. The increase in the rate for December 2015 over November 2015 brought inflation for the calendar year (January to December) to 3.7% and inflation for FY-to-December to 4.3%. The average rate per month at the end of December 2015 was 0.3%.
- ⇒ Data for the month ending December 2015 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was J\$279.46 billion (US\$2,437.27 million). This reflected an increase of J\$10.77 billion (US\$93.93 million) relative to November 2015.
- ⇒ The monetary base expanded by J\$12.12 billion or 11.0% to J\$122.21 billion for December 2015 relative to the previous month.

Economic Highlights December 2015

- ⇒ On the last trading day in December 2015, for the period December 01, 2015 to December 31, 2015, the main JSE index advanced by 10,518.16 points or 7.50% to close at 150,692.13 points. The JSE Combined Index advanced by 11,293.21 points or 7.68% to close at 158,269.14 points. The JSE Junior advanced by 152.59 points or 9.31% to close at 1,791.05 points. In contrast, the JSE Cross Listed Index remained firm and closed the month at 499.06 points.
- ⇒ For November 2015 relative to October 2015, yields on GOJ 30-day, 90-day treasury bills increased by 30bps and 72bps respectively. However yields on the 182-day treasury bill decreased by 3bps.
- ⇒ For November 2015, the production of Alumina was 156,188 tonnes. This represented a decrease of 7,193 or 4.40% tonnes, relative to October 2015. For the month, the sale of alumina amounted to 136,418 tonnes. This represented a decrease of 27,881 tonnes or 16.97% relative to October 2015. The production of crude bauxite, which is bauxite mined for exports, for November 2015 was 268,500 tonnes. This is an 81,200 tonnes or a 23.22% reduction from the 349,700 tonnes recorded in October this year.
- ⇒ The overall weighted average lending rate on domestic currency loans increased to 17.01% from 16.99% at end October 2015 relative to September 2015. For the month of October foreign currency loans rate increased relative to September 2015. In this regard, the foreign currency loan rate rose by 5bps to 7.30%.
- ⇒ Stopover tourist arrival for October 2015 was 134,317. This month's total is 20,037 or 17.53% higher than the 114,280 in September 2015.
- ⇒ There were price reductions observed in 57% (12) of the commodities monitored for December 2015. The price of both crude oil indices decreased in December 2015 - the Brent fell by 15.08% and the WTI by 12.68%. Natural gas decreased by 7.69%.

Economic Highlights December 2015

Federate Fund Rate

The United States federal fund rate is the rate at which banks offer to lend to each other overnight. On December 15, 2015 Janet Yellen, Chair of the US Federal Reserve, announced that there will be an increase in the federal fund rate. The US Federal Reserve move takes the range of rates to between 0.25% and 0.5%. An increase or decrease in the rate is said to have a domino effect as this will impact the loans rates at which banks lend their customers. In this case an increase could result in higher borrowing costs for developing economies, many of which are already seeing slow growth. According to the BBC news there are concerns that a rise will compound that slowdown, as higher rates in the US could strengthen the dollar, the currency in which many countries and companies borrow.

Jamaica

One of the effects of an increase in the federal fund rate is that it will strengthen the US\$ relative to the Jamaican dollar. The effects may be viewed as positive by some however the negatives outweigh the positives. International borrowing for Jamaica will now become more expensive, as more Jamaica dollar is now needed in exchange for one US\$. In the initial

stage a 0.25-0.5 increase may not have a major impact on the Jamaican economy. However the aim of the US Fed is to normalize the interest by 2018 which is around 3.5%. At this level the economy will definitely experience depreciation against the US\$. Another area of impact is in imports. Our country although richly blessed with fertile lands, depends heavily on imported commodities. Imported goods range from goods that are manufactured to agricultural produce such as yam and potatoes. Jamaica's import at the end 2014 was J\$646,960,865 while export was J\$161,289,660, leaving the balance of visible trade at J\$485,671,205. In this regard the country will be severely affected if the Fed's rates are normalized in 2018. In addition to high import bill Jamaica's custom duties is listed among the highest in the world. According to an accounting survey released by UHY in August this year customs duties in Jamaica are the second highest among a grouping of global peers. High customs duties coupled with increased cost of imports will make doing business in Jamaica more difficult than it already is. Consumers will also be affected as businesses will have no other option but to transfer the cost to consumers. The country might also experience a shift in investments from Jamaica to

Economic Highlights December 2015

United States or other countries as a result of a weak dollar and/or poor business conditions.

Some of the recommended measures to deal with the possible problems is an increase in local production and productivity. This is one of the driving factors that will allow the country to reap the benefits of increasing the fed's rates. When production is increased for locally produced goods, which are imported, then domestic consumers will be less dependent upon imports hence reducing the import bill. In addition the government should increase its efforts in encouraging citizens to buy more locally made produce. One positive impact that the increase in the fed rate has on Jamaica is that it lessens the cost of Jamaican exports in the United States. This is as a result of the depreciation in Jamaican dollar. In addition to this Jamaica's exports may be relatively less expensive in other countries which use the US\$. As a result of a decrease in price the demand for Jamaican products would be expected to increase, assuming that we can improve our production and productivity. The country can only benefit from an increase in international demand if local production is enough to first supply the domestic market and then the international. In order to motivate individuals and companies to in-

crease local production and productivity, the government would have to put in place strategies to encourage exports, and increase the doing business environment. A sense of structure must be developed, showing step by step the development plan strategies and goals, with measurable outputs hence attracting investors.

Changes in the exchange rate will be reflected in the other macroeconomic factors including the interest rate. There has been a special interest in the link between exchange rates and interest rates in both advanced and developing countries. This is understandable, given the important role these variables play in determining developments in the nominal and real sides of the economy, including the behaviour of domestic inflation, real output, exports and imports.

Economic theory teaches that exchange rates and interest rates exhibit a negative correlation when the local dollar depreciates against a foreign currency.

Hence in Jamaica's case depreciation of the dollar should cause local interest rates levels to decrease.

Lower interest rates reduce the cost of borrowing money which is expected to result in increased investment.



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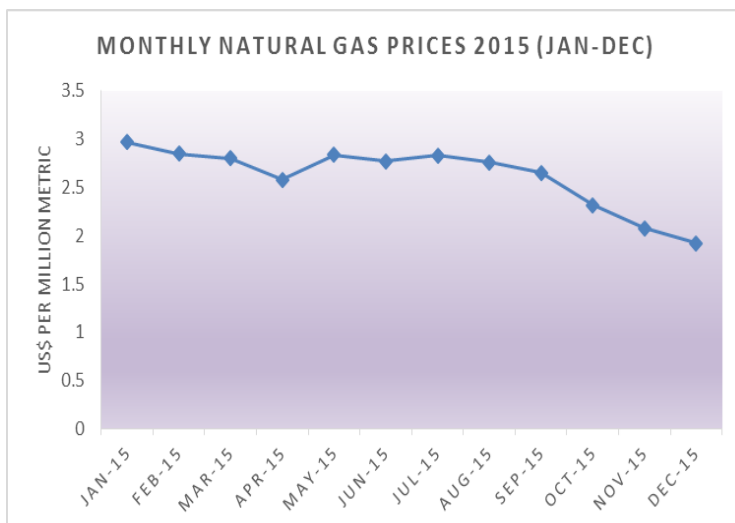
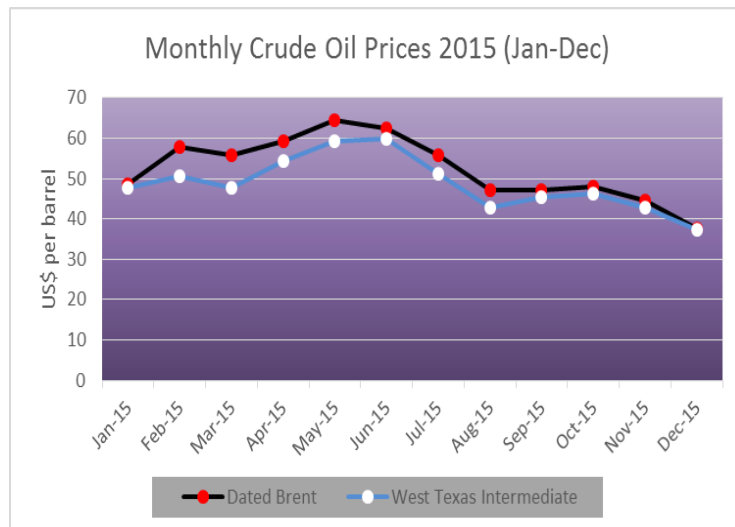
International Commodity Prices

December 2015

Crude Oil Prices

For the month ending December 2015 and for the year ending 2015 natural gas price continued to decline. The price for natural gas ended at **US\$1.92** per million metric. This reflected a reduction of **US\$0.16** or **7.69%** from **US\$2.08** in November. In December 2014 natural gas per million metric was valued at **US\$3.43** signifying that this year's price is **US\$1.51** or **44.02%** lower. Similarly, a two year comparison revealed that natural gas prices have decreased, this time by **US\$2.32** or **54.72%** per million metric tonne. The five year average monthly price for natural gas ranging from December 2010 to November 2015 is **US\$3.53** per million metric, hence this year's December price was **US\$1.61** or **45.62%** below.

Oil prices have been decreasing since mid-2015 which continued into December and is expected to translate into January 2016. According to the International Monetary Fund (IMF) lower oil prices should convert into higher spending and therefore support global growth. The size of the impact will depend on the underlying drivers of the price decline, the extent of pass-through to households and firms and how much of it they spend, and policy responses. Although oil price gains and losses across producers and consumers sum to zero, the net effect on global activity is positive. The reasons are twofold: simply put, the increase in spending by oil importers is likely to exceed the decline in spending by exporters, and lower production costs will stimulate supply in other sectors for which oil is an input.



Natural Gas

For the month ending December 2015 and for the year ending 2015, natural gas price continued to decline. The price for natural gas ended at **US\$1.92** per million metric. This reflected a reduction of **US\$0.16** or **7.69%** from **US\$2.08** in November. In December 2014 natural gas per million metric was valued at **US\$3.43** signifying that this year's price is **US\$1.51** or **44.02%** lower. Similarly, a two year comparison revealed that natural gas prices have decreased, this time by **US\$2.32** or **54.72%** per million metric tonne. The five year average monthly price for natural gas ranging from December

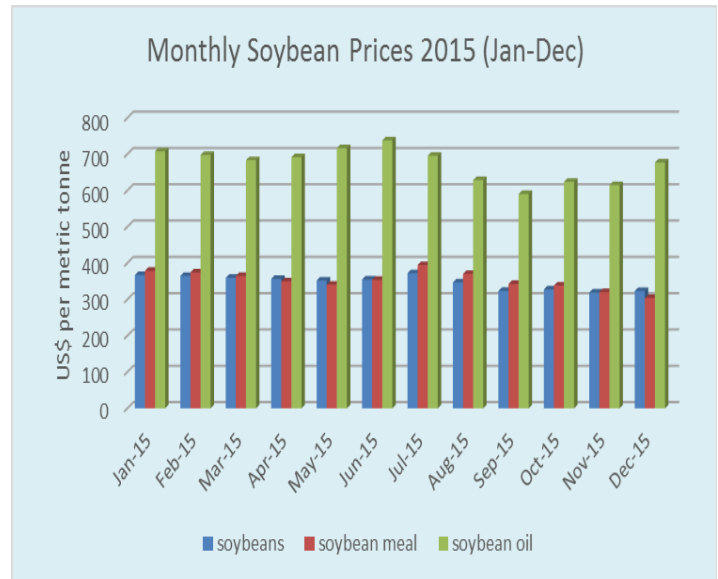
International Commodity Prices

December 2015

2010 to November 2015 is **US\$3.53** per million metric, hence this year's December price was **US\$1.61** or **45.62%** below.

Soybean Prices

At the end of December soybean price per metric tonne was **US\$323.32**. This represented a **1.33%** or **US\$4.24** increase from November's price of **US\$319.08** per metric tonne. For December this year, the soybean meal prices declined while soybean oil prices increased. Soybean meal continued its five months decline to end the month of December at **US\$303.86** per metric tonne. This represented a decrease of **US\$16.48** or **5.14%**. At the end of December the price per metric tonne for soybean oil



stood at **US\$677.2** representing a **10.16%** or **US\$62.46** increase compared to November 2015. A one year comparison revealed that prices for soybean decreased by **14.64%** or **US\$55.46**. This month soybean price

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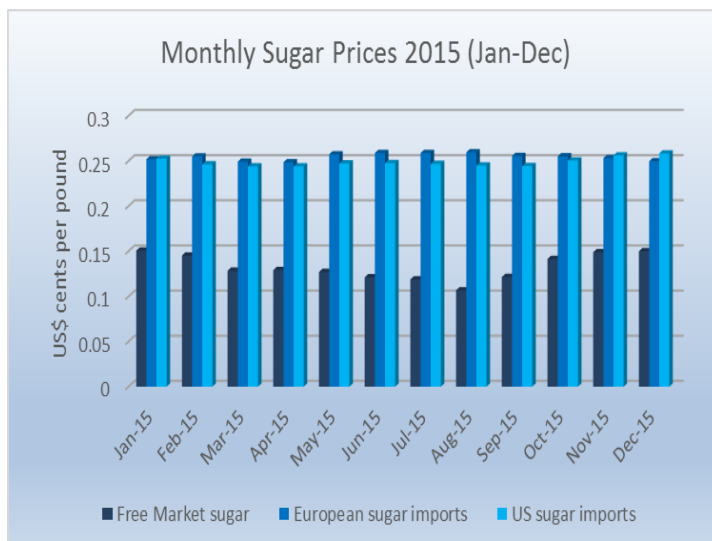
International Commodity Prices

December 2015

was also **US\$165.35** or **33.84%** lower than its price two years ago. When compared to the corresponding period last year the soybean meal price was **US\$114.23** or **27.32%** below. This month's soybean oil price was also below last year price by **US\$28.36** or **4.02%**. A two year comparison of prices for soybean meal and soybean oil revealed that they decreased by **38.61%** and **22.38%** respectively. The five year average monthly price for soybean meal ranging from December 2010 to November 2015 is **US\$431.22** per metric tonne, which means that December's price was **US\$127.36** or **29.53%** lower. The five year average monthly price for soybean oil ranging from December 2010 to November 2015 is **US\$981.56** per metric tonne, which means that December's price was **US\$304.36** or **31.00%** lower.

Sugar Prices

At the end of December 2015 Free Market sugar continued its four month rise to end at **US\$0.15** cents per pound. This represented an increase of **US\$0.0011** or **0.74%** when compared to November 2015. For the US Sugar imports, the commodity increased for December relative to November to end at **US\$0.2583** cents per pound. This represented an increase of **US\$0.0022** or **0.86%** from **US\$0.2561** cents per pound in November. At the end of December 2015 the European Sugar imports continued its four month decline to end at **US\$0.2496** cents per pound. This represented a **US\$0.0034** or **1.34%** decrease compared to November. For the period December 2015 relative to December 2014, the price of Free Market sugar increased by **US\$0.0001** or



0.067% cents per pound. A one year comparison revealed that the price of the US Sugar imports has increased by **US\$0.0102** or **4.11%** while the European sugar imports price has decreased by **4.07%** or **US\$0.0106**. In December 2013 the price for the Free Market sugar was **US\$0.1654** cents per pound which means that this year's December price is **US\$0.0154** or **9.31%** lower. The price of the US sugar imports is **24.48%** higher than the 2013 price while the price of the European Sugar imports is **8.33%** lower than the 2013 price. The 5 year average of prices ranging from December 2010 to November 2015 for the US imports and the European imports are **US\$0.2768** cents per pound and **US\$0.2639** cents per pound respectively. Hence the prices of US imports and European imports were below their averages by **6.69%** and **5.41%** respectively.

Coffee Prices

For the month ending December 2015 the price for Coffee of the Other Mild Arabicas category increased relative to November 2015 while the price of the Robusta coffee decreased. The price per pound for coffee

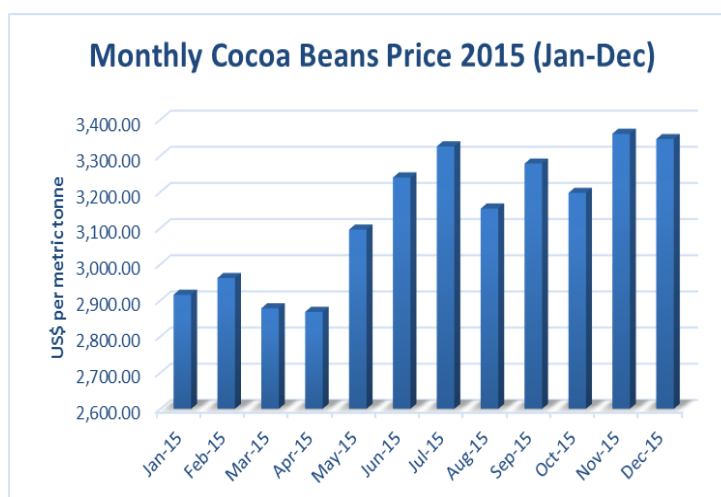
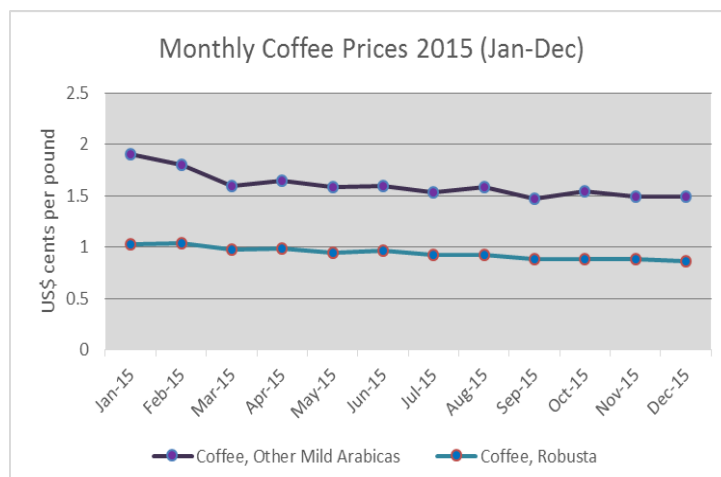
International Commodity Prices

December 2015

of the Other Mild Arabicas category was **US\$1.4952** cents per pound representing an increase of **US\$0.0058** or **0.39%**. A one year comparison revealed that this month's price was **US\$0.5107** or **25.46%** lower than last year's December's price. The price of Robusta coffee for December was **US\$0.8632** cents per pound which is **US\$0.0231** or **2.61%** less than the previous month's price. A one year comparison revealed that the price of coffee in the Robusta category have fallen by **US\$0.1719** or **16.61%**. A two year comparison revealed that prices have risen by **17.97%** for coffee of the 'Other Mild Arabica's category while for coffee in the Robusta category prices fell by **9.61%**. The five year average monthly prices ranging from December 2010 to November 2015 for Arabica and Robusta are **US\$1.945** and **US\$1.056** respectively. This implies that this year's December price for the Arabica was **23.12%** lower than the average price and for the Robusta coffee it was **18.25%** lower than its average price.

Cocoa Bean Prices

In December 2015, cocoa bean prices decreased by **US\$14.59** per metric tonne or **0.43%** to close at **US\$3,346.25** per metric tonne. A one year comparison revealed that, this year's price is higher by **US\$399.30** or **14%**. A two year price comparison



showed that the December 2015 price for cocoa beans is higher by **US\$521.71** or **18%** than its price in December 2013. The five year average for monthly prices ranging from December 2010 to November 2015 for cocoa bean is **US\$2,793.54** per metric tonne, this means that this year's December price was **US\$552.71** or **20%** higher.



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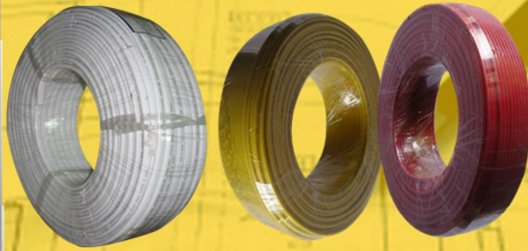
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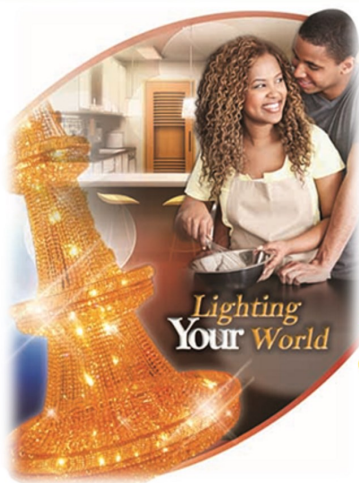
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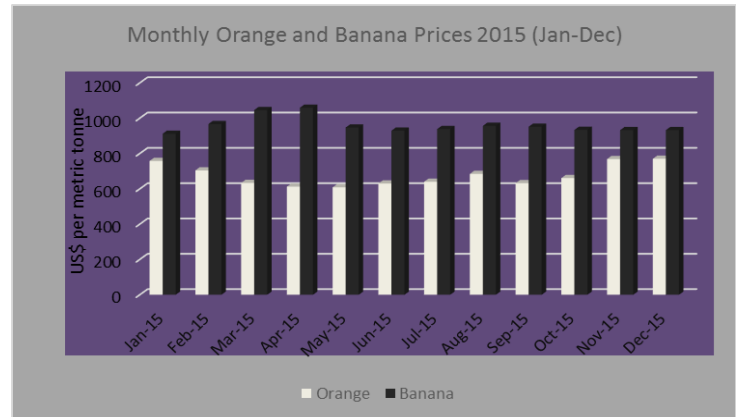
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International Commodity Prices

December 2015

Orange Prices

For the month ending December 2015 orange prices continued its three months increase. This time prices increased by **US\$1.51** or **0.20%** to **US\$770** per metric tonne, relative to November 2015. When compared to the December price in 2014, this year's price rose by **US\$0.77** or **0.1%**. This year's price is also higher by **US\$30.02** or **4%** than the December price two years ago. The five year average monthly price ranging from December 2010 to November 2015 is **US\$836.04**, which indicated that the December's price was **US\$66.04** or **8%** lower.



Banana Prices

Banana prices for the month ending December 2015 remained unchanged at **US\$932.32** per metric tonne relative to the previous month. For December 2015 relative December 2014, banana prices decreased by **US\$23.72** or **2.61%** per metric tonne. A two year comparison revealed that this year's price is above

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International Commodity Prices

December 2015

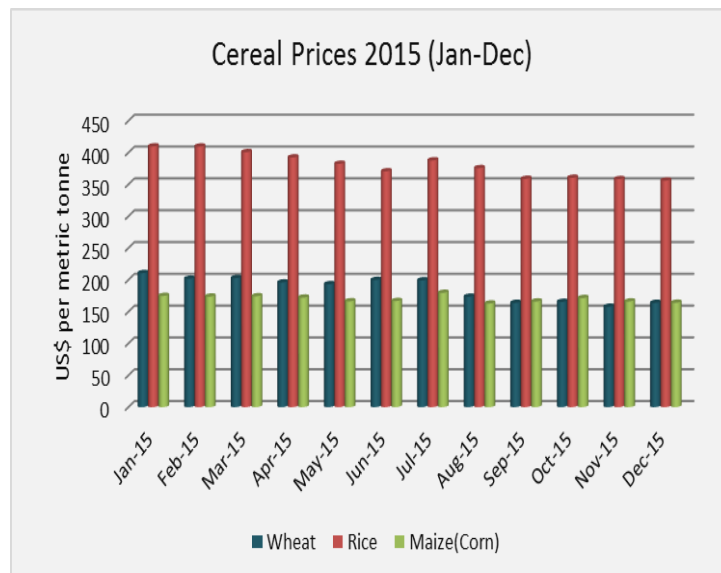
December 2013 price of **US\$925.41** by **US\$6.91** or **0.74%** per metric tonne. The five year average monthly prices ranging from December 2010 to November 2015 is **US\$954.85**, this means that this year's price was **US\$22.53** or **2.36%** lower.

Corn Prices

Corn prices decreased by **US\$2.08** or **1.25%** relative to November, to close the month of December at **US\$163.95** per metric tonne. Between December 2014 and December 2015 prices decreased by **US\$14.72** or **8.24%**. A two year price comparison showed that this year's price was **US\$33.55** or **16.99%** lower. The five year monthly average for corn prices ranging from December 2010 to November 2015 is **US\$243.81** per metric tonne, this means that this year's December price was **US\$79.86** or **32.75%** lower.

Wheat

In December 2015, wheat prices increased by **US\$6.05** or **3.84%** relative to November to end at **US\$163.79** per metric tonne. Relative to December 2015, prices have fallen by **US\$69.18** or **29.69%** per metric tonne. A two year comparison of wheat prices showed that this year's December price is **US\$127.77** or **43.82%** below the December 2013 price. The average five year monthly prices ranging from December 2010 to November 2015 is



US\$276.34 per metric tonne, meaning that this year's December price is **US\$112.55** or **40.72%** below.

Rice

For the month ending December 2015 the price of the 5 percent broken milled white rice ended at **US\$356** per metric tonne. December's price is marginally below the previous month's price by **US\$2.38** or **0.66%** per metric tonne. In addition, this month's price is below the December 2014 price by **US\$54.74** or **13.33%**. A two year comparison revealed that the commodity's price was **US\$91.55** or **20.46%** lower than its price in 2013. The five year monthly price average for rice prices ranging from December 2010 to November 2015 is **US\$494.50** per metric tonne, indicating that the December price was **US\$138.50** or **28%** below the long term average.



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International Commodity Prices

December 2015

Beef Prices

In December 2015, beef prices continued its four months decrease. This time prices declined by **US\$0.0996** or **5.62%** when compared to November 2015, to close at **US\$1.6711** cents per pound. When compared to December 2014, prices have fallen by **US\$0.7248** or **30.25%** cents per pound. In December 2013 prices were **US\$1.8595** cents per pound hence this year's December price is **US\$0.1884** or **10.13%** below the 2013 price. The five year average for prices ranging from December 2010 to November 2015 is **US\$1.9595** cents per pound indicating that this month's price was **US\$0.2884** or **14.72%** below.

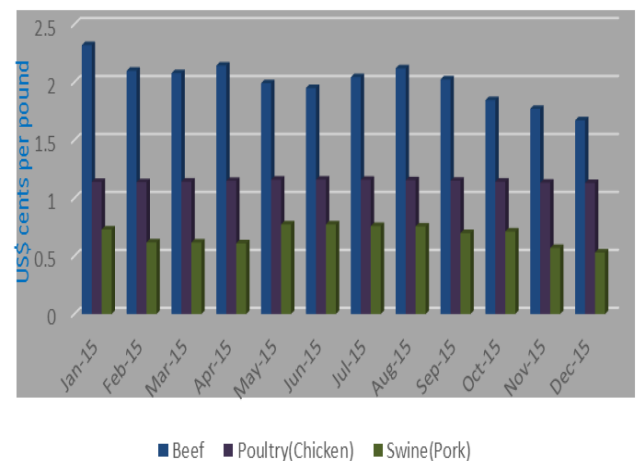
Swine (Pork) Prices

Pork prices decreased for the month ending December 2015. At the end of December the price of pork was **US\$0.5311** cents per pound. This represented a **US\$0.0392** or **6.87%** decrease from November's price of **US\$0.5703**. When compared with December 2014, prices fell by **US\$0.297** or **35.86%**. Prices are below the price level 2-years ago by **US\$0.2546** or **32.40%**. It is also below the 5-year average of **US\$0.861** for prices ranging from December 2010 to November 2015 by **US\$0.3298** or **38.30%**.

Poultry Prices

Chicken prices continued to decrease for the sixth month in a row. At the end of December chicken was valued at **US\$1.1306** cents per pound, representing a **US\$0.003** or **0.26%** decrease from November. The price in December 2015 was approximately **US\$0.0071** or **0.6241%** higher than the December 2014 price. In December 2013, the price for poultry was **US\$1.0425** cents per pound, indicating that this year's price was **US\$0.0881** or **8.45%** higher than prices two years ago. The average monthly price ranging from December 2010 to November 2015 is **US\$1.016** cents per pound, this means that this year's December price was **US\$0.1146** or **11.27%** more.

Monthly Meat Price 2015 (Jan-Dec)



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- Installation of chlorinators
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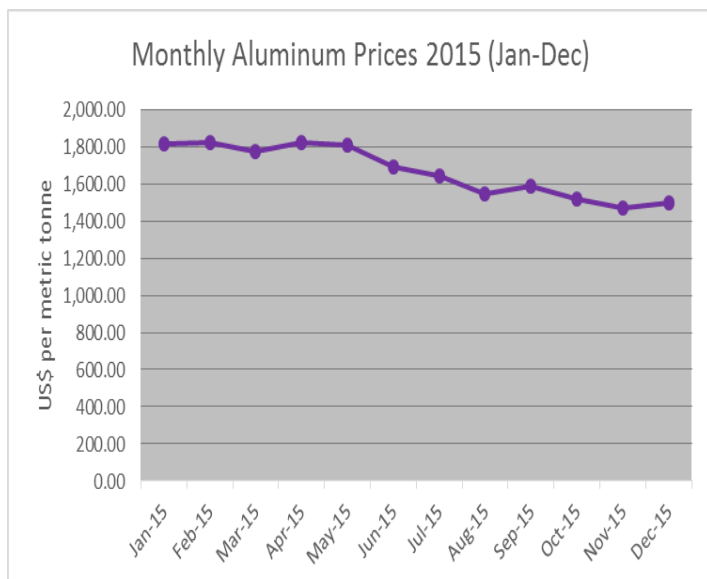


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Aluminum Prices

The price of aluminum increased in December. Prices increased by **US\$29.31** or **2.00%** to end the month at **US\$1,497.20** per metric tonne. For December 2015 relative to December 2014, prices decreased by **US\$412.26** or **21.59%** per metric tonne. A two year comparison revealed that this year's December price was **US\$242.61** or **14%** below the price for the corresponding period in 2013. The five year average for monthly prices ranging from December 2010 to November 2015 for aluminum is **US\$1,974.77** per metric tonne, this means that this year's December price was **US\$477.57** or **24.18%** lower.

Impact of global prices on Jamaica

There were price reductions observed in **57% (12)** of the commodities monitored for December 2015. The price of both crude oil indices decreased in December 2015 - the Brent fell by **15.08%** and the WTI by **12.68%**. Natural gas decreased by **7.69%**. The IMF's Fuel Energy index decreased by **13%**, and the Food and Beverage Index increased by **1%**. The Food and Agriculture Organization of the United Nations, (FAO) Meat Price Index averaged **158.6 points** in No-

vember, down **2.6 points** or **1.6%** from its October revised value. Given the expected decline in both fuel and food prices for latter part of 2015 into 2016, import costs should be tempered and hence pressure on the Jamaica Dollar should be reduced.

As in November oil prices have been sliding for over a year since the Organization of the Petroleum Exporting Countries opted to keep production high to protect market share and bump out rivals in the U.S. and those outside the cartel. Global oil prices have fallen sharply over the past seven months, leading to significant revenue shortfalls in many energy exporting nations, while consumers in many importing countries are likely to have to pay less to heat their homes or drive their cars. According to the UK's Business Insider, Organization of the Petroleum Exporting Countries (OPEC) reported that the world's oil exporters produced 32.2 million barrels per day in December, down around 200,000 barrels from November. They added demand is expected to grow by 1.26 million barrels per day in 2016, with the world needing a total of 94.17 million barrels every day, up from 92.92 million over 2015. Business operators both locally and internationally are concerned about the falling oil price as prices ought not to go below a certain level.

International Commodity Prices

December 2015

Commodity	Unit	November Price	December Price	Monthly Change %
Aluminum	Metric tonne	1467.89	1497.2	2
Bananas	Metric tonne	932.32	932.32	0
Beef	Pound	1.7707	1.6711	-5.62
Cocoa Beans	Metric tonne	3360.84	3346.25	-0.43
Coffee-Arabicas	Pound	1.4894	1.4952	0.39
Coffee-Robusta	Pound	0.8863	0.8632	-2.61
Com-Maize	Metric tonne	166.03	163.95	-1.25
Natural gas	MMBTU	2.08	1.92	-7.69
Crude Brent	Barrel	44.42	37.72	-15.08
Crude West Texas Intermediate	Barrel	42.65	37.24	-12.68
Oranges	Metric tonne	770	770	0.2
Pork (Swine)	Pound	0.5703	0.5311	-6.87
Poultry	Pound	1.1336	1.1306	-0.26
Rice	Metric tonne	358.38	356	-0.66
Soybean	Metric tonne	319.08	323.32	1.33
Soybean meal	Metric tonne	320.34	303.86	-5.14
Soybean oil	Metric tonne	614.74	677.2	10.16
Sugar (free market)	Pound	0.1489	0.15	0.74
Sugar US (Import)	Pound	0.2561	0.2583	0.86
Sugar European (Import)	Pound	0.253	0.2496	-1.34
Wheat	Metric tonne	157.74	163.79	3.84



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International Commodity Prices

December 2015

Global Commodity Prices and Projections 2013-2015												
Commodities	Units	Actual				Projections				Q3/Q2	Q4/Q2	Annual Change
		2013Q1	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q4			
Food												
Cereals												
Wheat	S/MT	321.4	307.8	297.1	296.2	232.8	242.7	248.9	259.7	-21%	-18%	-18%
Maize	S/MT	305.1	199.5	210.1	207.2	181.8	180.1	183.7	182.4	-12%	-13%	-14%
Rice	S/MT	570.7	449.9	440.7	350.8	374.8	376.3	323.0	337.0	7%	7%	-15%
Barley	S/MT	239.4	157.3	162.7	226.8	239.5	241.5	226.2	240.9	6%	6%	48%
Vegetable oils and protein meals												
Soybeans	S/MT	532.8	479.4	498.3	547.7	514.8	453.3	456.1	440.3	-6%	-17%	-9%
Soybean meal	S/MT	464.6	472.5	493.3	543.2	518.2	446.8	443.2	421.2	-5%	-18%	-9%
Soybean oil	S/MT	1119.2	889.2	877.9	891.4	850.9	855.5	863.6	875.6	-5%	-4%	-3%
Palm oil	S/MT	780.3	789.4	813.7	761.9	748.0	748.6	760.7	770.7	-2%	-2%	-8%
Fish meal	S/MT	1918.4	1542.2	1657.9	1763.8	1707.3	1680.4	1671.3	1337.1	-3%	-5%	1%
Olive oil	S/MT	4004.9	3656.6	3599.0	3602.3	3643.9	3679.6	3679.1	3766.7	1%	2%	2%
Groundnuts	S/MT	2091.8	2312.7	2380.6	2386.6	2327.0	2268.0	2198.0	2038.0	-2%	-5%	-5%
Rapeseed oil	S/MT	1196.0	1012.8	980.3	1008.3	1000.8	994.6	927.0	885.0	-1%	-1%	1%
Meat	cts/lb											
Beef	cts/lb	193.8	182.4	191.8	191.4	189.3	187.3	184.2	178.0	-1%	-2%	-2%
Lamb	cts/lb	97.1	116.4	124.1	132.3	133.6	135.1	131.8	134.6	1%	2%	9%
Swine Meat	cts/lb	79.7	82.6	92.8	103.2	103.2	103.2	105.8	104.5	0%	0%	11%
Poultry	cts/lb	100.2	104.7	104.7	107.3	109.7	108.2	112.2	117.4	2%	1%	3%
Seafood												
Salmon	S/kg	6.5	6.9	7.8	7.6	7.6	7.2	6.7	6.0	0%	-5%	-7%
Shrimp	S/lb	11.3	16.6	17.1	18.1	18.0	19.0	18.3	17.8	-1%	5%	11%
Sugar												
Free market	cts/lb	18.5	17.7	16.8	17.3	17.4	18.2	19.1	19.1	1%	5%	8%
United States	cts/lb	22.0	21.5	22.4	24.9	25.6	25.8	26.2	26.5	3%	4%	15%
EU	cts/lb	25.8	26.9	27.5	27.8	27.8	27.8	27.8	27.8	0%	0%	1%
Bananas	S/MT	932.6	928.1	947.1	945.5	915.1	905.4	911.1	871.0	-3%	-4%	-4%
Oranges	S/MT	825.9	834.4	816.7	885.9	807.2	804.2	817.8	805.1	-9%	-9%	-2%
Beverages												
Coffee												
Other milds	cts/lb	154.8	126.1	175.8	206.5	178.7	183.2	185.9	185.8	-13%	-11%	4%
Robusta	cts/lb	109.4	90.4	102.0	92.4	88.3	89.3	90.0	91.5	-4%	-3%	-12%
Cocoa Beans	S/MT	2208.8	2770.1	2951.3	3164.7	3254.9	3211.3	3196.2	3144.2	3%	1%	9%
Tea 3/	cts/kg	319.1	234.2	247.9	223.4	209.0	206.0	212.0	225.0	-6%	-8%	-17%
Agri. raw materials												
Timber												
Hardwood												
Logs	S/M3	157.6	174.0	182.0	190.0	191.9	188.1	190.0	191.9	1%	-1%	3%
Sawnwood	S/M3	278.4	304.3	297.0	295.6	287.0	283.0	297.0	277.0	-3%	-4%	-5%
Softwood												
Logs	S/M3	157.6	174.0	182.0	190.0	191.9	188.1	190.0	191.9	1%	-1%	3%
Sawnwood	S/M3	278.4	304.3	297.0	295.6	287.0	283.0	297.0	277.0	-3%	-4%	-5%
Cotton	cts/lb	89.9	87.2	94.0	89.1	86.3	77.3	77.8	77.9	-3%	-13%	-18%
Rubber	cts/lb	143.1	114.6	102.1	102.2	101.9	103.1	113.5	112.0	0%	1%	1%
Hides	cts/lb	86.0	103.1	107.6	112.3	106.9	105.9	113.4	105.9	-5%	-6%	-2%
Metals												
Aluminum	S/MT	2000.8	1767.5	1709.3	1798.3	1836.9	1866.4	1886.8	1947.7	2%	4%	9%
Energy												
Spot Crude 1/	S/bbl	105.1	104.5	103.7	103.5	105.8	103.6	101.8	97.7	2%	0%	0%
Natural Gas												
US, domestic market	S/MMBTU	3.5	3.8	5.2	4.6	4.6	4.6	4.7	4.2	0%	0%	-12%

Monthly Inflation and Treasury Bill Rates

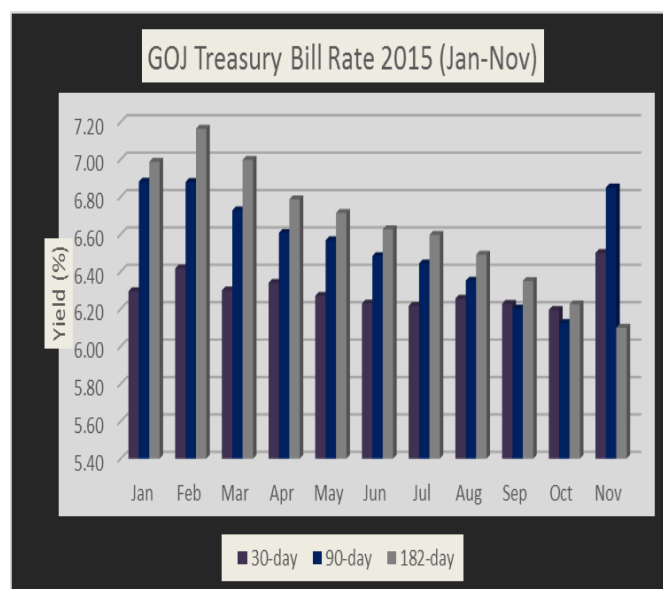
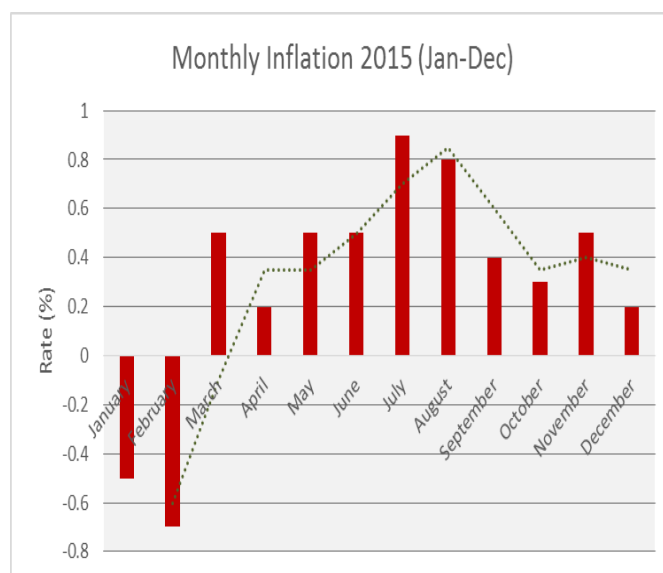
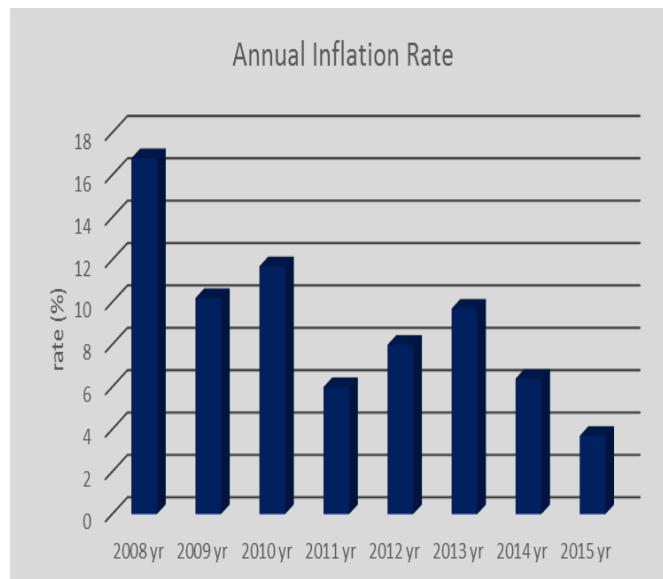
December 2015

Domestic Inflation Rate

Inflation, measured by the All Jamaica “All Divisions” Consumer Price Index (CPI) increased by **0.2%** for the period December 2015 over November 2015. The increase in the rate for December 2015 over November 2015 brought inflation for the calendar year (January to December) to **3.7%** and inflation for FY-to-December to **4.3%**. The average rate per month at the end of December 2015 was **0.3%**.

GOJ Treasury Bill Rates

For November 2015 relative to October 2015, yields on GOJ 30-day, 90-day treasury bills increased by **30bps** and **72bps** respectively. However yields on the 182-day treasury bill decreased by **3bps**. Yields on GOJ Treasury Bills have decreased by **21 bps**, **20 bps** and **129 bps** for the 30-day, 90-day and 182-day tranches respectively for the period November 2015 relative to November 2014. A two year comparison showed decreases of **107 bps**, **97 bps** and **15 bps** on the yields of the 30-day, 90-day, and 182-day. The declining rates on these treasuries for 2015 are an indication of improved in investor confidence as well as an improvement in the outlook for economic performance over the medium to long term. Lower yields indicate that investors expect lower risk and lower inflation in the short to medium term.





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Monthly Exchange Rates Update

JMD:USD

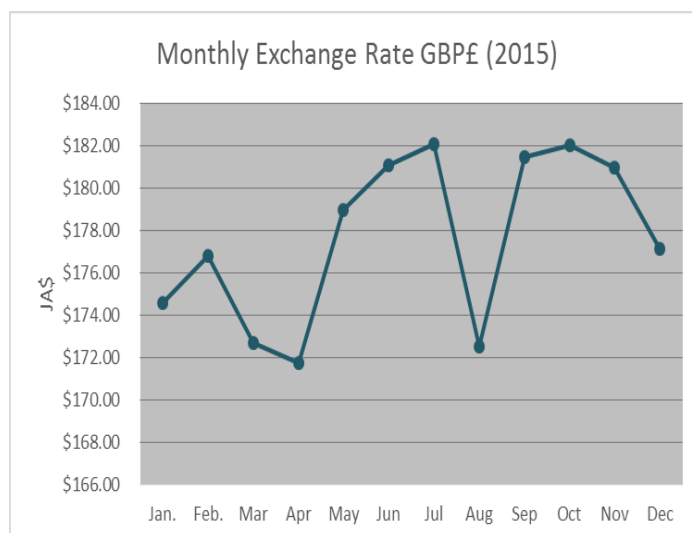
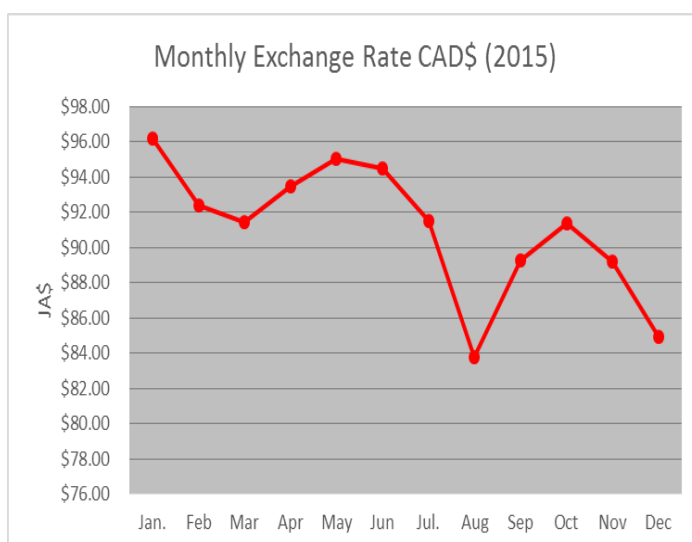
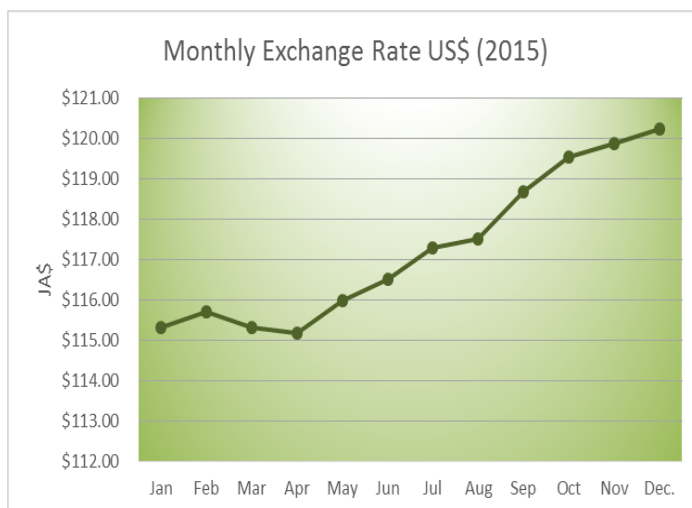
For the month of December, this time the value of the Jamaica Dollar depreciated by **J\$0.38**. This represented a **0.32%** to end at **J\$120.24=US\$1.00**. When compared to December 2014, this year's value is **J\$5.98** or **5.23%** more than the **J\$114.26** recorded in 2014. When compared to the corresponding period in 2013 this year's December's value is **J\$14.09** or **13.27%** more.

JMD:CAD

For December 2015 relative to November 2015 the Jamaica Dollar appreciated by **J\$4.3** or **4.82%** when compared to the Canadian dollar to end at **J\$84.91 = CAD\$1.00**. When compared to the corresponding period of last year, this year value is **J\$14.03** or **14.18%** less than the **J\$98.94** in 2014. In December 2013, the value of CAD\$1.00 was equivalent to **J\$100.09**, which means that the value of the dollar for December this year is **J\$15.18** or **15.17%** below.

JMD:GBP

The Jamaica Dollar appreciated by **J\$3.83** or **2.12%**, relative to the Great Britain Pound for December 2015 relative to the previous month. December ended with **J\$177.12 = GBP£1.00**. A one year comparison revealed that the value of the GBP\$1.00 in December 2015 is **J\$1.56** or **0.87%** lower than it was in 2014. When compared to the **J\$174.72** recorded in 2013 the value of the GBP\$1.00 in December 2015 is **J\$2.4** or **1.37%** higher.



Net International Reserves & Money Base

December 2015

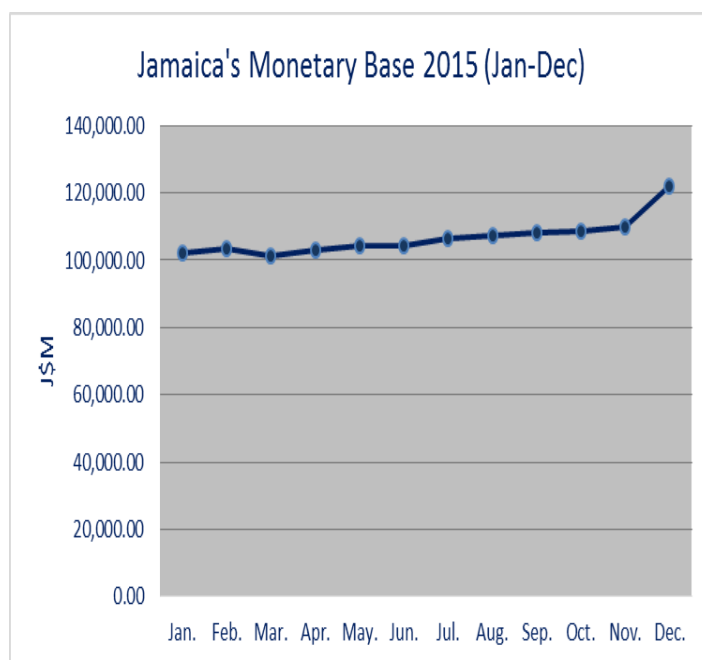
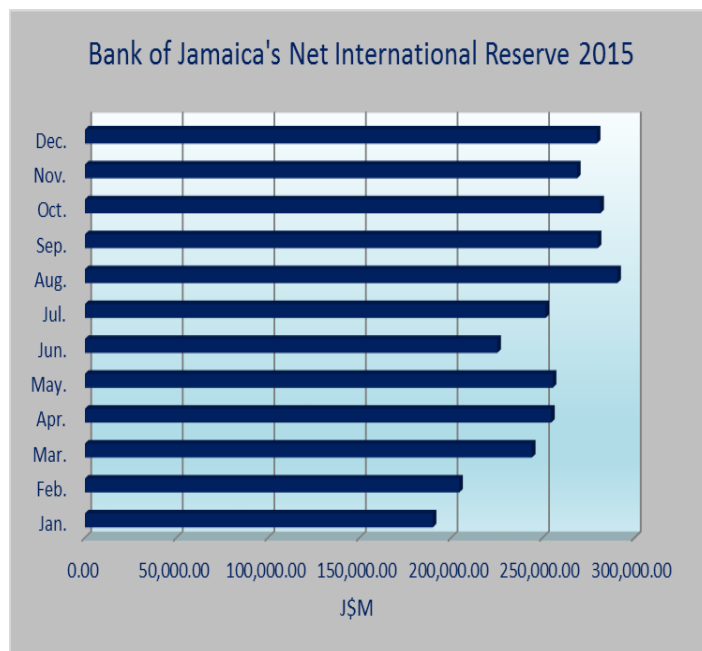
Net International Reserves

Data for the month ending December 2015 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was **J\$279.46 billion** (US\$2,437.27 million). This reflected an increase of **J\$10.77 billion** (US\$93.93 million) relative to November 2015. The change in the NIR for the month was due to an increase in foreign assets represented by increases in two of the three sources: Currency and deposits increased by **US\$142.76 million**, SDR increased by **US\$2.32**, while Securities decreased by **US\$7.84** to end the month with total foreign asset **US\$137.24**. The month saw an increase also in foreign liabilities however this was less than the increases in foreign assets: Payments to IMF increased by **US\$43.31 million** which was the total increase in foreign liabilities. At the end of December, the gross reserves were sufficient to finance **33.37** weeks of goods imports which represented **21.37** weeks over the international benchmark of **12** weeks of goods imports.

Monetary Base

The monetary base expanded by **J\$12.12 billion** or **11.0%** to **J\$122.21 billion** for December 2015 relative to the previous month. The expansion in the base reflected increases in net currency issue and Commercial Banks' Statutory Reserves, while the BOJ's commercial banks' current account balances decreased. Net currency issue increased by **J\$12.14 billion** to end at **J\$84.29 billion** and the Commercial Banks' Statutory Reserves increased by **J\$0.184 billion** to a total of

J\$37.60 billion. The current account balances decreased by **J\$0.203 billion** to a total of **J\$0.319 billion**.



Remittance Inflow Update

December 2015

At the end of September 2015 gross remittance inflows were **US\$183.4 million**. This represented a **1.19%** or **US\$2.2 million** decrease from the **US\$185.6 million** recorded in August this year. However when compared to the corresponding month of the previous year gross remittance increased by **US\$1.4 million** or **0.7%**. For September 2015, net remittances were **US\$163.7 million** reflecting a decrease of **US\$0.9 million** or **0.55%** relative to August 2015. When compared to the corresponding period of 2014, net remittances has increased by **US\$1.5 million** or **0.9%**. Net remittances for calendar year to September 2015 were **US\$1,481.8 million**, which represented a growth of **US\$47.8 million** or **3.3%** relative to the corresponding period of 2014. Total remittance inflows for January 2015 to September 2015 were **US\$1,652.2 million**, representing an increase of **US\$50.5 million** or **3.2%**. These inflows were above the average of **US\$1,512.8 million** for the previous five corresponding periods and above the correspond-

ing pre-crisis outturn for 2008. The increase in total remittance inflows largely reflected an increase of **US\$59.9 million** inflows through remittance companies which was partly offset by a decrease of **US\$9.4 million** in Other Remittances.

For the fiscal year 2015/16 to September, total remittance inflows increased by **US\$37.3 million** or **3.4%** to **US\$1,124.1 million** relative to the corresponding period of last year. Net remittances inflows also increased for the fiscal year 2015/16 to September. Net remittance inflows rose by **US\$39.6 million** or **4.1%** to **US\$1,010.9 million** relative to the corresponding period of the last fiscal year.

	JAMAICA'S REMITTANCES			
			(US\$MN)	
	2014 Septen	2015 Septen	Change	% Change
Total Remittance Inflows	182	183.40	1.40	0.7
Remittance Companies	155.2	160.70	5.50	3.5
Other Remittances	26.9	22.70	-4.10	-15.4
Total Remittance Outflows	19.90	19.70	-0.10	-0.7
Net Remittances	162.20	163.70	1.50	0.9

Interest Rates

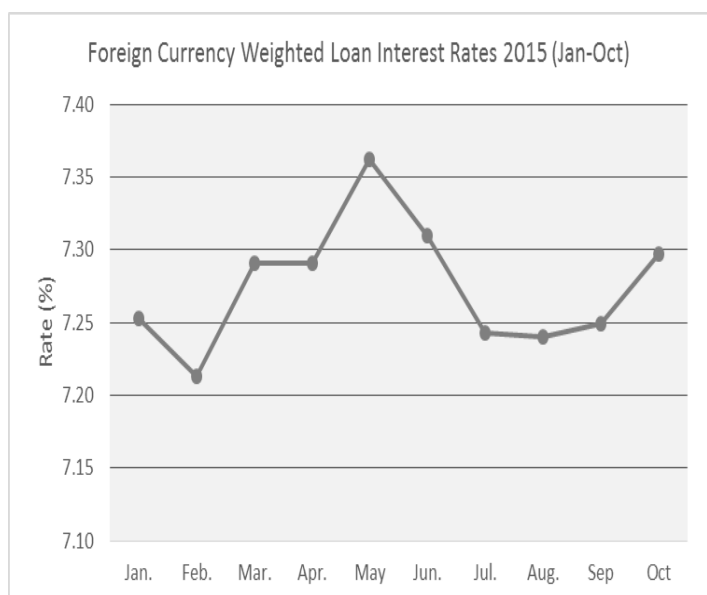
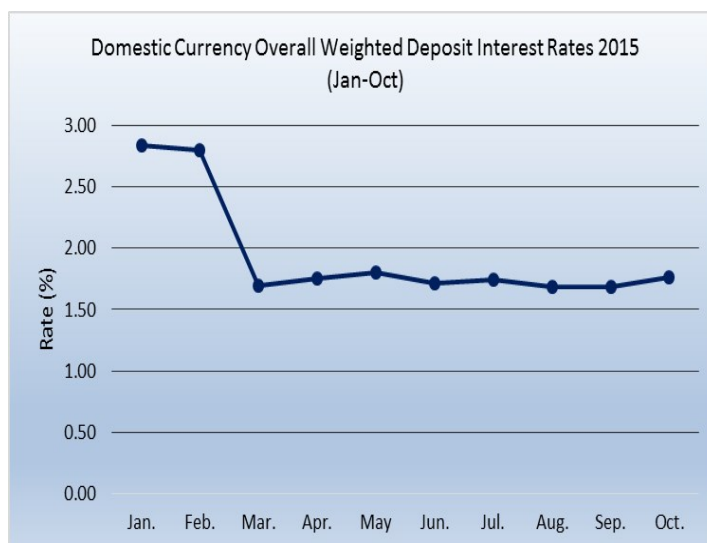
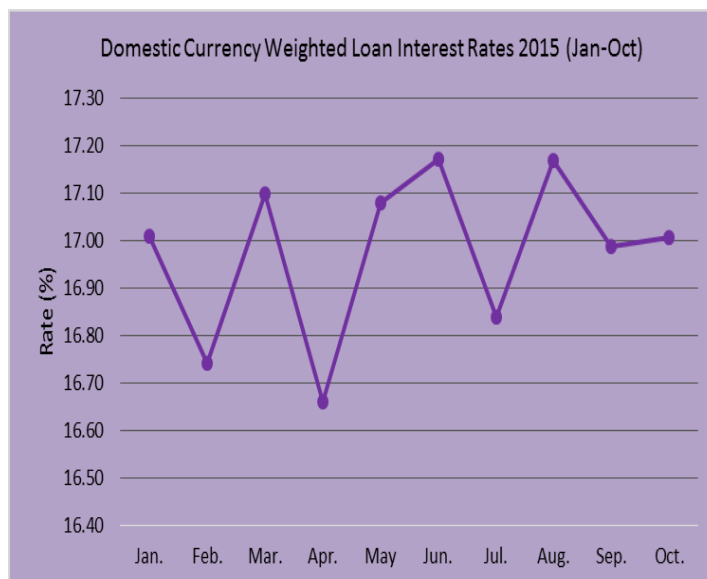
December 2015

The overall weighted average lending rate on domestic currency loans increased to **17.01%** from **16.99%** at end October 2015 relative to September 2015. This occurred in the context of decreases in the rates of four of the six loan types. These are, decreases in Installment Credit of **14bps**, Mortgage Credit of **2bps**, Local Government and Public Entities of **8bps**, and Central Government of **10bps**. The impact of these decreases was significantly offset by an increase of **38bps** in Personal Credit. The other category Commercial credit remained unchanged.

Meanwhile, the weighted average domestic interest rates on deposits increased by **7bps** to **1.76%** at end October 2015 relative to end September 2015

For the month of October foreign currency loans rate increased relative to September 2015. In this regard, the foreign currency loan rate rose by **5bps** to **7.30%**. Minor changes were reflected in the six credit types. Installment credit remained the same. However there were decreases of **1bps** on Mortgage Credit and **17bps** on Local Government and other Public Entities. Personal Credit and Commercial Credit increased by of **5bps** and **16bps** respectively.

Meanwhile the interest rates on foreign currency deposits decreased for October relative to September this year. In this regard foreign currency deposits rate fell by **5bps** to **1.77%**.



Domestic Bauxite and Alumina

December 2015

For November 2015, the production of Alumina was **156,188 tonnes**. This represented a decrease of **7,193** or **4.40% tonnes**, relative to October 2015. Alumina production has decreased by **2.72%** when compared to November 2014, and by **4.05%** when compared to November 2013. For the month, the sale of alumina amounted to **136,418 tonnes**. This represented a decrease of **27,881 tonnes** or **16.97%** relative to October 2015. When compared to November 2014 sale of alumina, this year alumina sales is **17.94%** less. Similarly, alumina sales decreased by **21.11%** in comparison to November 2013. For the calendar year -to-date, alumina exports amounted to **1,743,538 tonnes** representing an increase of **12.12%** compared to the same period last year and **13.53%** when compared to the corresponding period two years ago.

The production of crude bauxite, which is bauxite mined for exports, for November 2015 was **268,500 tonnes**. This is an **81,200 tonnes** or a **23.22%** reduction from the **349,700 tonnes** recorded in October this year. Crude bauxite production fell by **39.73%** and **36.20%** when compared to November 2014 and 2013 respectively. Total bauxite production, which is the

sum of bauxite mined for exports and bauxite converted to alumina, for November 2015 was **699,205 tonnes**. This represented a decrease of **111,854 tonnes** or **13.79%** relative to October this year. Total bauxite production decreased by **19.74%** relative to November 2014 and by **19.78%** relative to November 2013. Meanwhile, the total crude bauxite sold for the month was **226,244 tonnes**. This represented a **46.04%** decrease relative to November 2014 and a **47.13%** decrease relative to November 2013. In addition, the sale of total bauxite was **605,256 tonne**. This represented a decrease of **29.54%** compared to November in 2014 and **33.21%** compared to November 2013.

For the calendar year to date, the production of crude bauxite was **4,477,931 tonnes** which is **11.46%** and **14.97%** higher than the recorded amount for the corresponding period in 2014 and 2013 respectively. For the calendar year to date, the production of total bauxite was **8,866,249 tonnes**. This is **9.68%** and **14.20%** higher than the recorded amounts in recorded in 2014 and 2013 respectively.

PERIOD	PRODUCTION			SALES		
	ALUMINA	CRUDE BAUXITE	TOTAL BAUXITE**	ALUMINA	CRUDE BAUXITE	TOTAL BAUXITE
2015						
MONTH - November						
2015	156,188	268,500	699,205	136,418	226,244	605,256
2014	160,553	445,521	871,130	166,240	419,284	859,031
% Chg 2015/14	-2.72	-39.73	-19.74	-17.94	-46.04	-29.54
2013	162,787	420,868	871,644	172,925	427,906	906,167
% Chg 2014/13	-1.37	5.86	-0.06	-3.87	-2.01	-5.20
Y-T-D						
2015	1,700,808	4,477,931	8,866,249	1,743,538	4,216,749	8,715,378
2014	1,528,902	4,017,388	8,083,783	1,555,126	4,022,778	8,154,662
% Chg 2015/14	11.24	11.46	9.68	12.12	4.82	6.88
2013	1,516,693	3,894,884	7,764,075	1,535,763	3,913,878	7,831,626
% Chg 2014/13	0.80	3.15	4.12	1.26	2.78	4.12

Tourism

December 2015

Stopover tourist arrival for October 2015 was **134,317**. This month's total is **20,037** or **17.53%** higher than the **114,280** in September 2015. This year's October total is a decrease of **1.0%** over the **135,730** recorded in October 2014. For the six months of summer 2015, May to October, arrivals were flat **0.1%**, with **989,033** stopovers compared to **988,311** in 2014. Year to date, January to October 2015, **1,745,496** arrivals visited the Island, which was **2.1%** or **36,181** stopovers more than the **1,709,315** in 2014. In 2013 total stopovers for the period January to October was **1,658,550**, hence 2015's total is **86,946** or **5.24%** more.

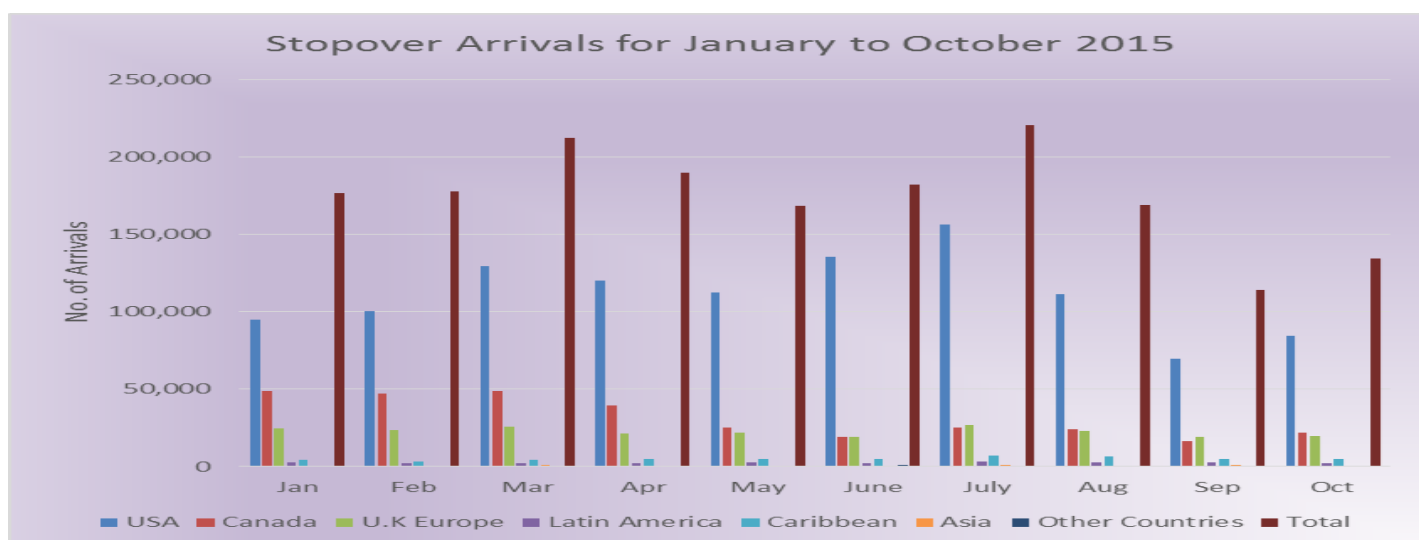
There were mixed results reflected in the changes observed in the number of persons arriving from the seven categories of destination. Out of the seven categories four recorded an increase, two recorded a decrease and one was flat in stop over arrivals when compared to October 2014. The largest percentage increases were reflected in the stopovers from the Caribbean and the Other Countries with **13.6%** and **12.7%** respectively. Of the Other Countries, for the fourth month Australia provided the most stopover arrivals to Jamaica, with **2,430** visitors in 2015 compared to **1,997**

in 2014. Other increases in arrivals were the Asia with **3.7%** and the United States with **1.1%**.

These increases were offset by decreases in arrivals from Canada and Europe when compared to October 2014. Canada and Europe stopovers decreased by **9.2%** and **4.0%** respectively. The market share of stopover visitors October 2015 was as follows: USA (**62.8%**); Canada (**16.1%**); UK (**11.7%**); Continental Europe (**3.0%**), the Caribbean (**3.9%**); and the others, including Latin America and Asia (**2.5%**).

A total of **87,720** cruise passengers visited Jamaica in October, 2015. This represented a **17.9%** decrease over the **106,813** October 2014. In October 2013, the total arrivals stood at **89,896**, this means that arrivals for October 2015 were **2,176** or **2.42%** less.

The January to October 2015 period saw **1,204,076** cruise passenger arrivals from **344** ship calls at the three major ports, which is an increase of **7.7%** or **86,030** more passengers than in 2014, and **130,282** more passengers than the previous record in 2012.



Stock Market Update

December 2015

On the last trading day in December 2015, for the period December 01, 2015 to December 31, 2015, the main JSE index advanced by **10,518.16 points** or **7.50%** to close at **150,692.13 points**. The JSE Combined Index advanced by **11,293.21 points** or **7.68%** to close at **158,269.14 points**. The JSE Junior advanced by **152.59 points** or **9.31%** to close at **1,791.05 points**. In contrast, the JSE Cross Listed Index remained firm and closed the month at **499.06 points**.

Overall, the market activity for December resulted from trading in sixty four (**64**) stocks of which **39** advanced, **18** declined and **7** traded firm. In total **412,813,881.00 units** of stock were traded during the month, which had a total value of **\$3,489,606,153.48**. This resulted in market capitalization of **J\$604.48 billion** as at end December 2015.

138 Student Living Jamaica Limited was the volume leader for the month with **86,210,504 units** amounting to **19.90%** of market volume.

Second was Honey Bun (1982) Limited, which traded **55,267,748 units** amounting to **12.76%** of the market volume. Next in line was Derrimon Trading Company Limited with a total of **54,136,572 units** amounting to **12.50%** of the market volume.

The top four advancing stocks for the month of December were Pulse Investments (**50.00%**), Jamaica Stock Exchange (**38.60%**), Hardware & Lumber (**30.65%**) and Sagicor Group Jamaica (**22.92%**). The top four declining stocks were, the Gleaner Company (**32.99%**), Radio Jamaica (**28.38%**), Mobay Ice Company (**14.86%**) and Scotia Investments Jamaica (**12.84%**).

For the calendar year (January 1, 2015 to December 31, 2015), the top four advancing stocks were Jamaica Stock Exchange (**1084.71%**), Pulse Investments (**757.14%**), Caribbean Cement Company (**689.63%**), and Desnoes & Geddes (**506.06%**). Meanwhile, Mobay Ice Company (**16.99%**), Trinidad Cement Limited (**14.82%**), Kingston Properties Limited (**6.00%**), and Sterling Investment Limited (**2.99%**) were the top declining stocks for the calendar year 2015.



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Previous Highlights: November 2015 Summary

December 2015

- ⇒ During the period November 4-13, 2015, an International Monetary Fund (IMF) mission led by Uma Ramakrishnan visited Jamaica. The mission conducted discussions on the tenth review of Jamaica's IMF-supported program under the Extended Fund Facility (EFF). According to Ms Ramakrishnan the mission has reached a preliminary agreement with the authorities on a package of policies that aims at completing the tenth review under the EFF. She added that a gradual economic recovery is underway, with growth projected at about 1.5 percent in FY2015/16, and 2.5 percent for the next fiscal year. In addition to this program implementation remains strong. All quantitative performance targets through end-September were met and the authorities' plan for structural reforms is also on track.
- ⇒ At the end of November 2015, the value of the Jamaica Dollar depreciated by J\$0.34 or 0.28% to J\$119.86=US\$1.00. While Canadian dollar and the Great Britain pound appreciated by J\$2.15 and J\$1.09 respectively. At the end of the month the Jamaican dollar value relative to the CAD\$1.00 and GBP£1.00 was JA\$89.21 and JA\$180.95 respectively.
- ⇒ Inflation, measured by the All Jamaica "All Divisions" Consumer Price Index (CPI) increased by 0.5% for November 2015. The increase in the rate for November 2015 over October 2015 brought inflation for the calendar-year-to-date to 3.4% and inflation for FY-to-November to 4.1%. The average rate per month at the end of November 2015 was 0.3%.
- ⇒ Data for the month ending November 2015 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was J\$268.69 billion (US\$2,343.34 million). This reflects a decrease of J12.72 billion (US\$110.97 million) relative to October 2015.
- ⇒ The monetary base expanded by J\$1.2508 billion or 1.15% to J\$110.09 billion for November 2015 relative to the previous month.
- ⇒ On the last trading day in November 2015, for the period November 01, 2015 to November 30, 2015, the main JSE index advanced by 8,889.93 points or 6.77% to close at 140,173.97 points. The JSE Combined Index advanced by 11,192.89 points or 8.24% to close at 146,975.93 points. The JSE Junior advanced by 313.51 points or 23.66% to close at 1,638.46 points. In contrast, the JSE Cross Listed Index remained firm and

Previous Highlights: September 2015 Summary

December 2015

- closed the month at 499.06 points.
- ⇒ For October 2015, the production of Alumina was 163,381 tonnes, representing an increase of 22,575 or 16.03% tonnes, relative to September 2015. For the month, the sale of alumina amounted to 164,299 tonnes representing an increase of 31,845 tonnes or 24.04% relative to September 2015. The production of crude bauxite, which is bauxite mined for exports, for October 2015 was 346,423 tonnes. This is an 82,273 tonnes or a 19.19% reduction from the 428,696 tonnes recorded in September this year. Total bauxite production, which is the sum of bauxite mined for exports and bauxite converted to alumina, for October 2015 was 807,781 tonnes. This represented a decrease of 16,702 tonnes or 2.02% relative to September this year.
- ⇒ The overall weighted average lending rate on domestic currency loans decreased to 16.99% from 17.17% at end September 2015 relative to August 2015. This occurred in the context of decreases in the rates of five of the six loan types.
- ⇒ Stopover tourist arrival for September 2015 was 114,280. This month's total is 54,783 or 32.40% lower than the 169,063 in August 2015. This year's September total is an increase of 7.0% over the 106,757 recorded in September 2014.
- ⇒ At the end of August 2015 gross remittance inflows were US\$185.6 million. This represented a 2.32% or US\$4.4 million decrease from the US\$190 million recorded in July this year.
- ⇒ There were price reductions observed in 81% (17) of the commodities monitored for November 2015. The price of both crude oil indices decreased in November 2015 - the Brent fell by 7.69% and the WTI by 7.68%. Natural gas decreased by 10.34%.

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)	

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December 2015

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