



MONTHLY ECONOMIC BULLETIN

Inside This Issue

July 25, 2014

June 2014 Issue

CEO's Report	3
Economic Highlights	4
Economic Outlook: Western Hemisphere	5-7
International Commodity Prices	8-13
International Commodity Prices: Impact on Jamaica	14
Inflation Rate & GOJ Treasury Bills	15
Interest Rates: Commercial Banks	16
Exchange Rates	17
NIR & Money Supply	18-19
Domestic Bauxite and Alumina Production	20
International Merchandise Trade	21-23
Stock Market Update	24-25
April 2014's Economic Highlights	26
Appendix	27-29

The CEO'S Remarks

The page contains two large, empty rectangular boxes with a light blue gradient background, positioned side-by-side. These boxes are intended for the CEO's remarks. The left box is approximately 43% of the page width, and the right box is approximately 57% of the page width. Both boxes are vertically oriented and occupy most of the page's height below the header.

Economic Highlights May 2014

Stabilization and growth of the Jamaican economy continues to improve during June 2014. This is manifested in the relatively slower pace of depreciation of the local currency against the United States Dollar, the relatively low inflation out turn, declining interest rates, improvement in the Net International Reserves, narrowing of the current account deficit, improvement in the stock markets, continued improvement in tourism and remittance levels. These developments suggest that the growth in real GDP of **1.6%** for the March quarter is influencing macroeconomic indicators and this should continue throughout 2014. For the June quarter, GDP growth is projected to fall within the range of **0.5%** to **1.5%**.

It is expected that in the short term growth in the economy is expected to continue due to improvements in Agriculture, Mining, Construction and Hotels and restaurants. Moving forward, the falling levels of exports will have a negative impact on economic activities. Another downside risks however is the impending drought conditions which will impact local food prices. In addition, an active hurricane season could compromise some of the positive development of the first two quarters of 2014.

There were price reductions in **12** or **60%** of the **20** commodities monitored in the international markets for June 2014. Notably, the crude oil indices both increased. For the month, the Brent crude oil index rose by **2%**, the price per barrel for the WTI also increased by **3.2%**. The IMF's Fuel Energy Index increased by **2.02%**, while the Food and Beverage Index fell by **3.58%**. The

tempered movement in food prices should impact Jamaica on or before the end of August 2014.

The monthly inflation rate for Jamaica increased by **0.1%** for the month of June 2014, this represents a reduction of **0.9%** relative to the inflation rate of **1%** recorded for May 2014. Inflation for June 2014 brought inflation for the calendar-year-to-date to **2.5%** and the 12-month point to point rate at the end of April 2014 to **8.0%**. For the fiscal year 2014/15 to date the inflation rate is **0.8%**. This low Inflation out turn is expected to continue throughout 2014, that is, if there are no unforeseen events such as a hurricane or adverse oil price movements. If this forecast holds, the stability of the local currency will be further supported. In addition, with lower inflation, interest rates for 2014 should stabilize or continue on a downward path.

For the month of June 2014, the Jamaica Dollar depreciated by **J\$0.95 (0.9%)**, **J\$2.65 (2.6%)** and **J\$5.24 (2.8%)** relative to the US dollar, the Canadian dollar and the Great Britain Pound. The slower pace of depreciation in the Jamaica Dollar relative to the USD reflected the continuing improvement in the current account deficit that has resulted in reduced pressure on the value of the currency. The depreciation of the Jamaican dollar relative to the Canadian Dollar and the Pound largely reflected higher seasonal demand. The modest inflation out turn will continue to impact positively the pace of the depreciation of the local currency.

The decline of Treasury Bills yields of the 30-day, 90-day and 182-day tenors by **19bps**, **55bps** and **57bps**, respectively for the third consecutive month has significant pieces of good news about the economy. It implies that investors continue to believe that financial

Economic Highlights May 2014

risks are declining and that inflation will be curtailed in the medium to longer term. In addition loan rates and deposit rates on both Jamaican and US funds fell marginally during the month. These numbers are indicative of an improving financial environment.

The relatively liquid monetary environment and the improving financial environment was also reflected in the stock of Net International Reserves (NIR) at the Bank of Jamaica which increased by US\$211.36 million to close the month at US\$1,376 billion. At the end of June 2014, the reserves were sufficient to finance **19.9** weeks of goods imports which represents **7.9** weeks over the international benchmark of **12** weeks of goods imports. As the current account deficit narrows and outflows of foreign currencies fall, the country's BOP and NIR should continue to show improvements over the next quarter.

Provisional data from the Bank of Jamaica for the March 2014 quarter reveals a current account deficit of **US\$100.6** million, an improvement of **US\$300.60** million relative to the corresponding quarter of 2013. This improvement primarily reflected positive changes in all sub-accounts. For the quarter, net private and official capital inflows amounted to **US\$364.3**, which was more than sufficient to finance the deficit of **US\$108.5** million on the current and capital accounts. As a result, there was an increase of **US\$255.8** million in the NIR for the period. The Bank's gross reserves at end-March 2014 amounted to **US\$2016.5** million. This represented **14.6 weeks** of projected goods and services imports.

There have been positive developments in the remittance inflows, the bauxite industry since the

beginning of the year to June 2014. This is reflected in the positive movements for bauxite industry and tourism. The production of alumina and crude bauxite both increased by **3.29%** and **3.11%** respectively for the calendar year to June 2014. However, sales of alumina fell by **3.3%** but sales of crude bauxite increased by **1.83%** for the same period.

Tourist arrivals climbed to **721,004** for the period January 2014 to April 2014, this represents a **1.2%** or **8,800** stopover arrivals more than the **712,204** which was recorded for the same period in 2013. However, when compared to the same period in 2012 in which the total number of stopover visitors amounted to **735,182**, which were **14,178** or **2%** lower than current arrivals. For the current period January 2014 to April 2014, both categories foreign nationals and non-resident Jamaicans grew by **464 (1.1%)** and **8,336 (1.2%)** respectively.

Gross remittance inflows for the month of March 2014 stood at **US\$187.8** million. This represents an increase of US\$9.4 million (**5.3%**) increase relative to March of 2013. Net remittances for March 2014 were **US\$171.5** million, this represent an increase of **US\$10.8** million or **6.7%** when compared to March of 2013.

The main JSE indices advanced in June 2014. In this regard, the main JSE market index and the JSE Combined Index advanced by **480.66 points (0.68%)** and **445.82 points (0.61%)**. In contrast, the JSE Cross Listed Index remained firm and closed the month at **585.90** points while the US Equities Index declined by **0.72 (0.55%)**. The marginal improvement in the main stock markets for June 2014 marks the revival of the stock market following months of decline. This positive development is a definite sign that the general economic recovery is progressing positively.

International Commodity Prices

June 2014 Issue

Crude Oil Prices

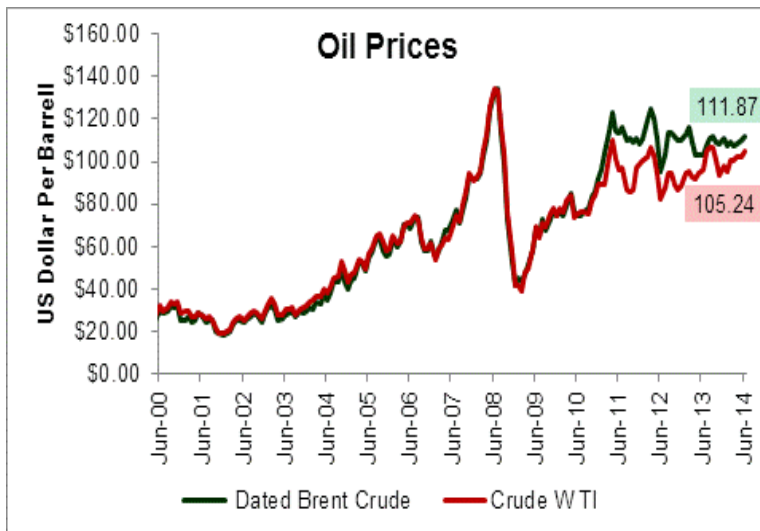
Selected benchmark crude oil indices both increased significantly in June 2014 in comparison to the previous month. The European Brent started the month at **US\$109.68 per barrel** and ended at **US\$111.87 per barrel**. This represented a price increase of **US\$2.19 (2%)** for the month. In June 2013 the sale price for the European Brent was **US\$103.11**, this reflected a price increase of **US\$8.76 (8.5%)** when compared to June of 2014. Notably, over the last two years price for this commodity has increased by **US\$16.28 (17.03%)**.

The price per barrel of West Texas Intermediate (WTI) increased from **US\$102.00** at end May 2014 to **US\$105.14** at end of June 2014, an increase of **US\$3.24 (3.2%)**. In comparison to June 2013, the price per barrel of the WTI has increased by **US\$9.45 (9.9%)**. For June 2014 relative to June 2012, prices increased by **US\$22.88 (27.80%) per barrel**. The five year average monthly price for both crude oil indices are **US\$99.83** and **US\$91.00** per barrel, an increase of **US\$12.04 (12.1%)** and **US\$14.14 (15.7%)**.

In the oil price highlights for April 2014, Organization of Petroleum Exporting Countries (OPEC) stated that the global demand for oil in 2014 will average **91.2 million barrels per day (mb/d)**, which is an increase of **1.14 mb/d (1.3%)** relative to 2013. The Non-OPEC oil supply forecast for 2014 is approximately **1.37 mb/d**. OPEC declared that the growth in supply for 2014 will emanate from the United States, Canada and Brazil.

On the other hand, reductions in supply are expected from Norway, United Kingdom and Mexico. OPEC stated that global oil prices are being impacted by slower economic growth in China, lower demand for refined oil products and ample supply which the organization believed has outweighed the supply disruptions and geopolitical tensions.

The price movements for May 2014 continues to be



Data Source: IMF Monthly Commodity Prices

driven by geo-political developments in Libya and Ukraine, a reduction in supply along the Gulf Coast, a reversal of global economic growth and weather conditions in the United States.

The forecast for 2014 is for prices to decline in the last two quarters of the year and to continue falling into 2015. The United States Energy Information Administration's forecast was for prices to remain below **US\$120 per barrel** and average **US\$100** for 2014. For this forecast to obtain, oil price would have to fall below the **US\$100.00 per barrel** mark in some months of 2014.

Natural Gas

At end June 2014, the price for natural gas fell from **US\$4.59** to **US\$4.57**, a reduction of **US\$0.02 (0.5%) per thousand cubic meters**. This decline marks the fourth monthly decline since the beginning of 2014. For June 2013 relative to June 2014, Natural gas prices increased by **US\$0.74 (19.44%)**. Similarly, natural gas prices have increased by **US\$2.11 (86%) per thousand cubic meters** when prices of June 2014 are compared to June 2012. The five year average monthly price for natural gas is **US\$4.04**, which is an increase of **US\$0.53 (13.2%)** higher. These price movements are indicative of a higher demand for general fuels as well as alternative fuels such as natural gas.

Douglas Westwood, energy business advisor stated that the liquefied natural gas market is on a rebound after the global

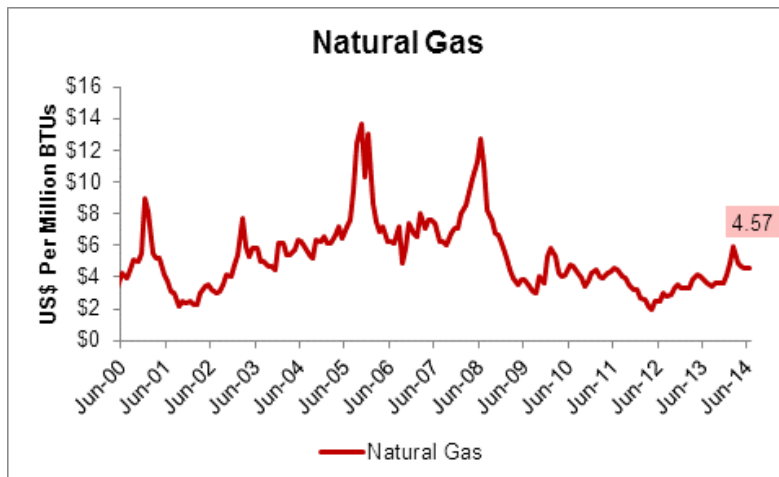
International Commodity Prices

June 2014 Issue

meltdown. He also stated that global capital investment in this area will increase by approximately **US\$228.0 billion (109%)** between 2013 and 2017. According to Westwood, the LNG market is evolving and is being impacted by a number of macroeconomic fundamentals and technological developments. The forecasts for higher LNG demand were supported by large financial commitments which will result in greater supply from both North America and Australia. If this forecast was to obtain, more industries would have to use power fuelled by LNG, which would then result in decline in global demand for crude oil. This would likely cause a fall in global crude oil prices and production indices would be positively impacted. Nevertheless, this pronouncement is conditional on other factors such as the pace of global economic growth.

Forecast from the American Energy Association is for prices to increase in 2014 relative to 2013 and maintain this trajectory over the short term. This increase is expected to be driven by a faster pace of growth in consumption in the industrial and electric power sectors and by growing demand for export at LNG facilities. This especially, as more persons move away from fossil fuels and seeks cleaner energy alternatives.

The positive development of the global economic recovery is good news for Jamaica and other Caribbean countries that are heavily dependent on Developed economies such as the US, UK, China and Brazil for export opportunities, remittances and capital. However, there are also disadvantages, the most perilous of which is the impact of global demand for fuels on international energy prices. Even with the new sources of alternative energy, if the global demand continues to increase both LNG and crude oil prices could rise to record levels in the next two to four years. The developments in these fuel sources should be of considerable importance to businesses in Jamaica and the Caribbean.



Data Source: IMF Monthly Commodity Prices

Wheat

In June 2014, wheat prices fell by **US\$28.22 (8.4%)** when compared to May 2014 to close at **US\$306.53 per tonne**. Relative to June 2013, prices have fallen by **US\$6.98 (2.23%) per tonne**. A two year comparison of wheat prices shows that an uptick in prices of **US\$30.34 (10.99%)**. The average five year monthly price for June is **US\$276.07**, this represents an increase of **US\$30.47 (11%)** when compared to current prices. These movements are indicative of a higher demand for wheat. Oil price movement and weather conditions will continue to play a significant role in wheat prices over the next 12 months. Experts forecast a tighter supply of wheat for 2014, which is expected to result in higher prices. However, developments in Ukraine are expected to temper prices for the US market. In addition, rainfall experienced in March may have significantly improved yields of other competing commodities which continues to impact current wheat futures in the United States.

Rice

Relative to May 2014, rice prices for June 2014 increased by **US\$11.08 (2.7%) per metric tonne**. Similarly, prices declined from **US\$546.25 to US\$414.67 (24%) per tonne** between June 2013 and June 2014. Experts believe that international rice prices will continue to remain low this year. There are a number of supply side and political factors that continue to influence

International Commodity Prices

June 2014 Issue

prices. Higher than normal inventory levels, import duties in many of the major importing countries and over production in 2013 are just some of these factors. The Food and Agricultural Organization (FAO) forecasted that rice utilization, rice stock and rice production will increase for 2014 into 2015. As such, prices are expected to decline over the same period.

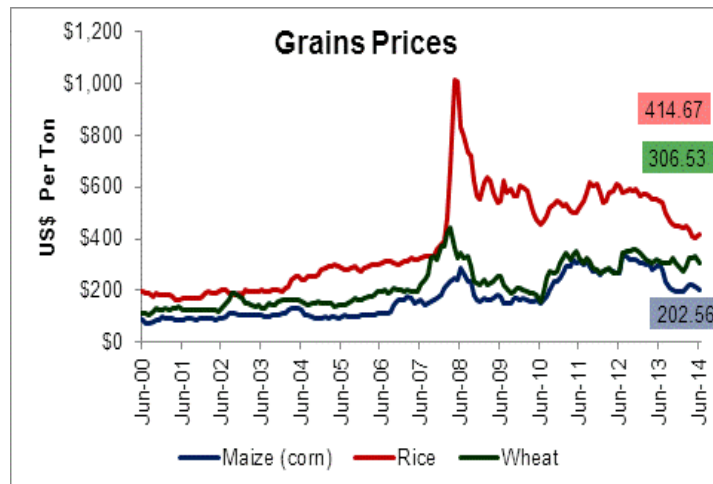
Corn Prices

Corn prices fell in June 2014 when compared to May of 2014 by **US\$14.36 (6.6%)** and closed the month at **US\$202.56 per tonne**. Between June 2013 and June 2014 prices fell by **US\$94.50 (31.81%)**. A two year price comparison from June 2012 to June 2014 shows a total price decline of **24.2%**. The five year monthly average for corn is **US\$246.04**, a reduction of **US\$43.48 (17.7%)** when compared to current prices. The stability of corn prices in coming months will be conditional on good weather conditions, oil price movements and the political environment in Ukraine that accounts for **16%** of the global export market.

Already, cold weather conditions have been impacting planting acres in the US and hence corn futures have been increasing. Fertilizer prices are expected to decline, which should temper prices over the course of the year. The most significant driver of corn prices is the price of crude oil which is expected to increase for the first half of 2014, then decline for the latter half. Experts predict that supplies will continue to increase given inventory levels and the size of acres under cultivation.

Soybean Prices

The prices of both soybean meal and soybean oil showed similar results for June 2014. The price for Soybean oil material fell for June 2014 in comparison to May 2014 by **US\$21.96 (2.5%) per metric tonne**. The price per metric tonne of soybean oil materials decreased by **US\$187.02 (17.7%)** for the period June 2013 to June 2014. The five year average monthly price for Soybean oil is **US\$1019.80**, which is **US\$148.23 (14.5%)** above



Data Source: IMF Monthly Commodity Prices

current prices. On the other hand, the price of soybean meal fell by **US\$23.51 (4.3%) per metric tonne** when June 2014 is compared to May 2014. For the period June 2014 relative to June 2013, the price of Soybean meal increased by **US\$15.71 (3.12%)**. A two year comparison for June 2012 to June 2014, shows that the price of Soybean meal increased by **US\$55.26 (11.9%) per metric tonne**. The five year average monthly price for Soybean Material is **US\$438.50**, **US\$80.73 (18.4%)** lower than current prices. Crude oil price movements are expected to impact both soybean meal and soybean oil prices in the medium term. In addition, the supply and demand for other substitutes especially in China, will continue to influence prices.

Sugar Prices

Both the Free Market Index and the US Import index had similar price changes for June 2014. The Free market Index increased by **less than one US cent (3.6%)**. Similarly, the US Import increased by **less than one US cent (3.1%)**. Prices closed June 2014 at approximately **US\$0.18** and **US\$0.26 per pound**, respectively. For the period June 2013 compared to June 2014, the price of Free Market sugar increased by **6.92%**, while US import prices increased by **32%**. For the period June 2013 relative to June 2012, both indices fell by **9.8%** and **10.2%**, respectively.

International Commodity Prices

June 2014 Issue

Coffee Prices

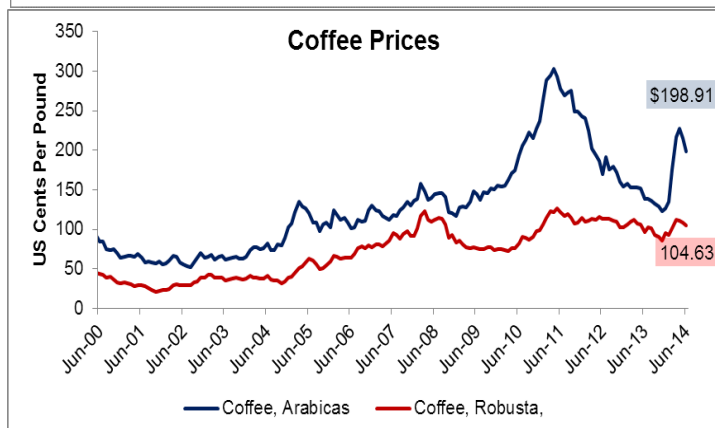
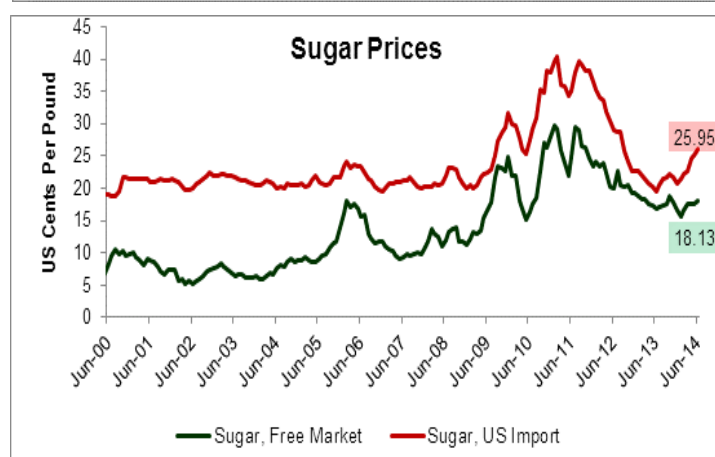
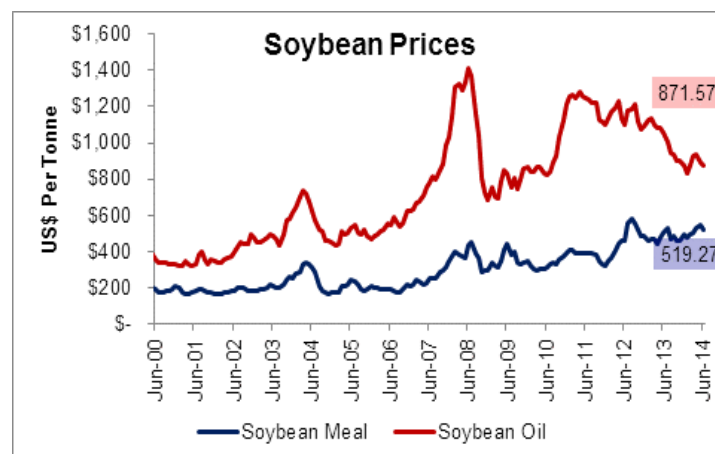
The price of both the Arabica and the Robusta coffee declined in June 2014 by **US\$0.16 (7.6%)** and **US\$0.04 (3.4%)**, respectively. In April 2011, coffee prices reached record levels of **US\$3.30** and **US\$1.21 per pound**, respectively. Since then, prices have fallen by **34.3%** and **13.7%** to **US\$1.99** and **US\$1.05** respectively. The five year average monthly price for both types of coffee are **US\$1.96** and **US\$1.04** respectively. This implies that current prices are **1.6%** and **0.7%** higher. Experts believe that lower production in Brazil, Africa and Central America has been fuelling the upward price movements. This surge could be negated by production increases in Asia and other eastern countries.

Cocoa Prices

In June 2014, Cocoa prices fell by **US\$144.28 per tonne (4.8%)** to close at **US\$3,174.31 per tonne**. Relative to June 2013, prices increased by **US\$890.72 (39%)**. The two year price comparison shows that prices are higher by **US\$908.47 (40.1%)** when June 2014 is compared with June 2012. The five year average monthly price for cocoa is **US\$2,794.04**, this means that current prices are **US\$380.27 (13.6%)** higher. Experts at Rabobank believe that a third consecutive cocoa deficit will send prices skyrocketing. The analysts estimate a deficit of over **100,000 tonnes** which will send prices rising by over **12%** relative to 2013 prices.

Orange Prices

Orange prices fell significantly in June 2014 by **US\$276.43 (26.6%)** to **US\$763.6** per metric tonne, relative to May 2014. Relative to June 2013, prices fell by **US\$394 (34%)**. However, there was an increase of **20%** in prices for June 2013 relative to June 2012. The five year average monthly price is **US\$998.33**, which indicates that current prices are **US\$234.8 (23.5%)** lower. Experts predicted that prices could continue to increase throughout much of 2014. These forecasts were mainly



Data Source: IMF Monthly Commodity Prices

due to drought conditions in the world's largest producer, Brazil. Additionally, the impact of citrus greening disease in the state of Florida, which produces approximately **70%** of the Oranges in the United States, is also expected to boost prices.

International Commodity Prices

June 2014 Issue

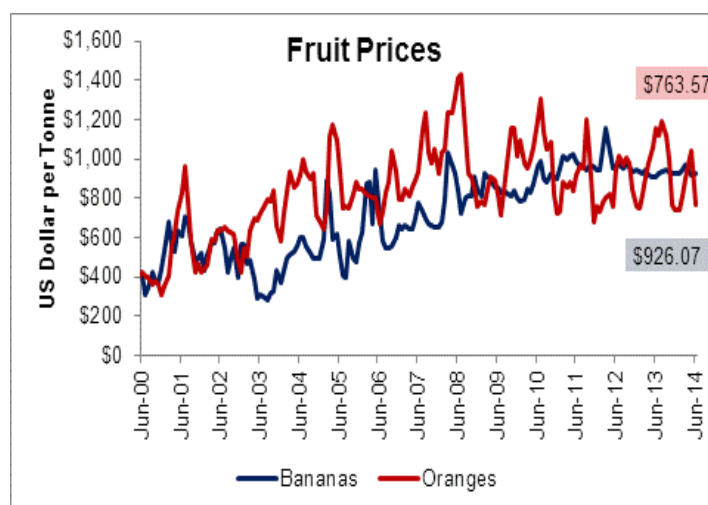
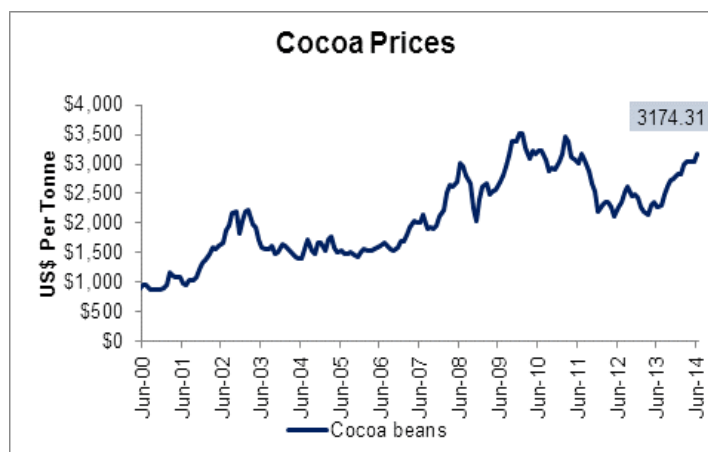
Banana Prices

Banana prices moved in June 2014 to **US\$926** per tonne. In this regard, prices increased by **US\$10 (1.1%)**. For June 2013 relative June 2014, banana prices increased by **US\$14.50 (1.6%) per metric tonne**. A two year price comparison for June 2012 and June 2014 revealed that banana prices fell by **US\$30.26 (3.2%) per metric tonne**. The five year average monthly price is **US\$949**, this means that prices are **US\$23 (2.4%)** lower.

The Food and Agricultural Organization of the United Nations (FAO) reported in the April issue that the global market for banana and its byproducts has undergone significant changes and will continue to evolve from an industry dominated by large players to one controlled by many players. The FAO reported that this will create many opportunities for further growth and development of the industry, but it will also create many new challenges for both old and new players. Most importantly, these new developments will impact the quality of the competition.

An analysis of the global banana industry shows that the combined market share of the world's three largest players Chiquita, Dole and Del Monte has fallen from **65%** in the 1980's to approximately **37%** in 2013. The FAO report showed that the combined market share of the top five players in the banana industry has fallen from approximately **70%** in 2002 to **44.4%** in 2013. The FAO also reported on the merger of Chiquita, the largest banana trading company in the world and Fyffes one of the main suppliers to the European market. The combined market share of the two companies is **18%**. However, the FAO stated that this should not be sufficient for the company ChiquitaFyffes to be able to influence the market price of bananas.

The FAO reported that the banana industry sees a movement away from the traditional plantation ownership and production to the new post-production logistics. This includes purchasing from producers, transportation, facilities to ripen fruits and marketing.



Beef Prices

In June 2014, beef prices increased to **US\$2.01** per pound, an increase of **US\$0.06 (3.2%)** relative to May 2014. Relative to June of 2013, current prices are **US\$0.27** or **15%** higher than they were. The five year average monthly price is **US\$1.76** or **13.8%** higher.

Reports for March 2014, suggest that in the United States, inventories were down by **21%** when compared to last year. The decline in inventory levels was responsible for the higher than expected price increases. Two important developments that should be monitored in the next six months are the drought in Australia and greater demand in China and Asia. Experts at ABSA Agricultural Trends believe that an end in the current drought situation will leave a supply gap in the beef market which will result in an in-

International Commodity Prices

June 2014 Issue

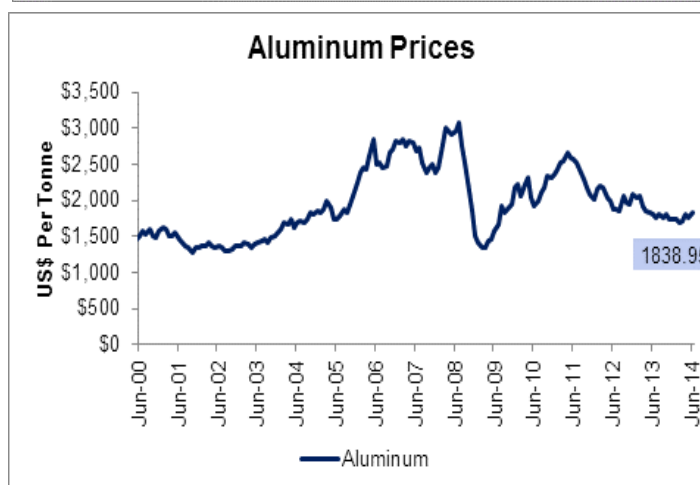
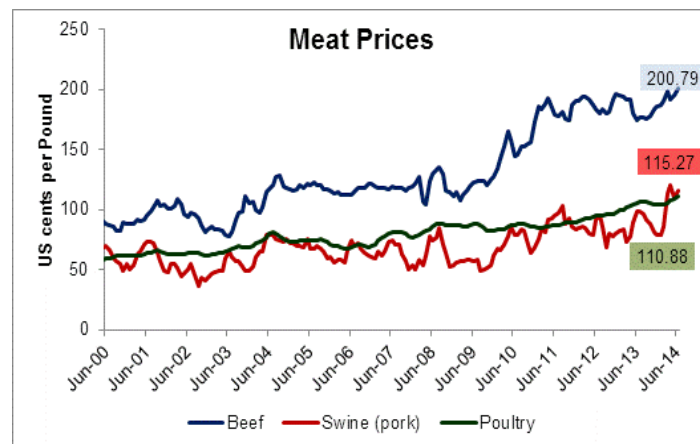
crease in prices. They expect that in the short term, the movement in international beef prices will be relatively flat. However, prices are expected to fall in the medium term. In addition, experts forecast are for higher prices coming out of both Australia and New Zealand over the medium term. In the long term, it is expected that international prices will move in line with those of New Zealand and Australia. The second set of developments are those in Asia where the markets in both China and Indonesia are heating up for Beef and Byproducts.

Swine (Pork) Prices

In June 2014 the prices for pork increased by **US\$0.05 (4.3%)** to close at **US\$1.15 per pound**. The price of pork was **US\$0.98 per pound** in June 2013, which reflects a **US\$0.17 (17.5%)** price increase relative to June 2014. A two year analysis of pork prices shows that current prices are **US\$0.23 (25%)** higher than they were in 2012. The

Five year monthly average price per pound for pork is **US\$0.96**, this means that current prices are **US\$0.2 (21%)** higher. In March, experts reported that pork inventories in the US were down by **11%** and was responsible for the increase in 2014 prices. Experts at the United States Department of Agriculture (USDA) reported that global pork production has increased by **1.8 million tonnes to 110.7 million tonnes for 2014** over the forecast given in November of 2013. This development was as a result of growth in china and Russia offsetting the reductions in the United States and the European Union.

The forecast for global trade has been reduced by **400,000 tonnes to 6.9 million tonnes**. This was due to Russia's restrictions on imports from the EU as well as tight supplies from the United States. A major factor impacting the market for pork has been the Porcine Epidemic diarrhea (PED) which has significantly impacted pork estimates in a number of countries including both North and South America and Asia. Additionally, the African Swine Fever (ASF) was responsible for the trade restriction by Russia on imports from Europe.



Data Source: IMF Monthly Commodity Prices

Poultry Prices

The price of chicken increased in June by **US\$0.02 (1.9%)** and ended at **US\$1.11 per lbs**. Prices in June 2014 were approximately **.US\$0. (5.06%)** higher than they were in June 2013. In June 2012, the price per pound for poultry was **US\$0.95**, indicating that prices are **US\$0.16 (17.34%)** higher than they were two years ago. The five year average monthly price per pound is **US\$0.97**, this means that current prices are **14 cents (14%)** higher. Experts at the USDA reveal that the global production of poultry is still at record high but has declined from November of 2013 by **1.7 million tons** to a stock value of **85.3 million**. This was partially due to declines in China, Brazil, Russia and the United States. The report suggested that global trade in 2014 is virtually unchanged when compared to 2013 and that exports are set at **10.9 million**

International Commodity Prices

June 2014 Issue

tonnes.

Aluminum Prices

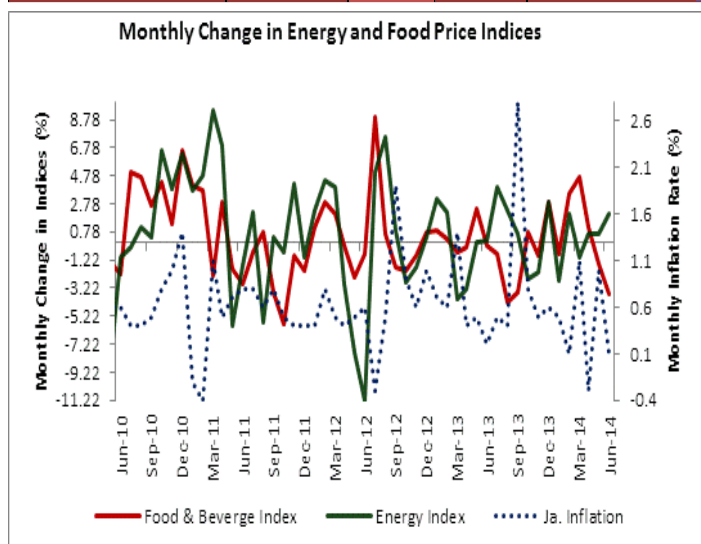
Aluminum prices increased by **US\$87.90 (5%) per tonne** to close June 2014 at **US\$1,838.95 per tonne**. Relative to June 2013 prices increased by **US\$24.41 (1.4%) per tonne**. The five year average monthly price for aluminum is **US\$2,005.23** per tonne, this means that current prices are **US\$166.28 (8.3%)** lower. The aluminum markets seem to be heating up somewhat because of increased demand in the auto-mobile industry. However, market experts still believe that prices will continue to fall throughout the year. This is due primarily to the level of global inventories and production plans for 2014. The growth in the scrap metal industry recycles significant amount of aluminum back into the supply chain.

Impact of global prices on Jamaica

There were price increases in **12 (60%)** of the commodities monitored for June 2014. The price of both crude oil indices increased, the Brent and the WTI rose by **2%** and **3.2%** respectively; natural gas had price reduction of **0.5%**. The IMF's Fuel Energy Index increased by **2.02%**, while the Food and Beverage Index fell by **3.58%**. This coincides with depreciation of the Jamaica Dollar of **0.9%**, **2.8%** and **2.6%** relative to the US Dollar, Great Britain Pound and the Canadian Dollar, respectively for the month of June 2014. Given the expected decline in both fuel and food prices for later part of 2014 into 2015, import costs should be tempered and hence pressure on the Jamaica dollar should be reduced.

The graph shows the relationship between movements in commodity prices and movements in domestic inflation. An examination suggests that domestic inflation lags commodity prices by approximately two months. This means that movements in the international price indices in June will be observed in Jamaica around the end of August. In addition, inflation of **0.1%** for June would have been influenced by reductions in commodity prices between April and May of 2014. Experts forecast a reduction in the price

Commodities	Unit	Price		Monthly Change
		Jun-14	May-14	%
Aluminum	Metric ton	1838.95	1751.05	5.0%
Bananas	Metric ton	926.07	916.00	1.1%
Beef	Pound	200.79	194.55	3.2%
Cocoa beans	Metric ton	3174.31	3030.03	4.8%
Coffee- Arabicas	Pound	198.91	215.24	-7.6%
Coffee- Robusta	Pound	104.63	108.35	-3.4%
Maize (corn)	Metric ton	202.56	216.92	-6.6%
Natural Gas	MMBTU	4.57	4.59	-0.5%
Dated Brent Crude	Barrel	111.87	109.68	2.0%
Crude WTI	Barrel	105.24	102.00	3.2%
Oranges	Metric ton	763.57	1040.00	-26.6%
Swine (pork)	Pound	115.27	110.47	4.3%
Poultry	Pound	110.88	108.79	1.9%
Rice	Metric ton	414.67	403.59	2.7%
Soybean Meal	Metric ton	519.27	542.78	-4.3%
Soybean Oil	Metric ton	871.57	893.53	-2.5%
Sugar	Pound	28.11	28.02	0.3%
Sugar- Free Market	Pound	18.13	17.50	3.6%
Sugar- US Import	Pound	25.95	25.16	3.1%
Wheat	Metric ton	306.53	324.75	-5.6%



Data Source: IMF Monthly Commodity Prices

of fuels for the latter part of 2014. If this obtains, inflation in Jamaica for 2014 could be lower than 2013. With the current low inflation of 2.5% for the first six months of the 2014 calendar year, the expected low inflation for 2014 should be realised. However the current drought being experienced may put pressure on local agricultural produce and prices may be somewhat higher.

Balance of Payments: March 2014 Quarter

June 2014 Issue

Provisional data from the Bank of Jamaica for the March 2014 quarter reveals a current account deficit of **US\$100.6** million, an improvement of **US\$300.60** million relative to the corresponding quarter of 2013. This improvement primarily reflected positive changes in all sub-accounts.

The reduction in the deficit on the Goods sub-account, primarily reflecting a decline in imports. The decline in imports was mainly attributed to lower expenditure on raw materials and fuel. However, this was partially offset by a decline in earnings from exports, mainly reflecting a contraction in ethanol production.

The improvement in the Income sub-account was primarily attributed to from lower profit repatriation by direct investment companies. Increases in Current Transfers sub-account reflected greater net private transfer inflows. With regard to the increased surplus on the Services sub-account, this was related to lower transportation payments in the context of the lower imports.

For the quarter, net private and official capital inflows amounted to **US\$364.3**, which was more than sufficient to finance the deficit of **US\$108.5** million on the current and capital accounts. As a result, there was an increase of **US\$255.8** million in the NIR for the period. The Bank's gross reserves at end-March 2014 amounted to **US\$2016.5** million. This represented **14.6 weeks** of projected goods and services imports. The narrowing of the current account deficit will play a significant role in supporting

BALANCE OF PAYMENTS MARCH 2014 QUARTER US\$MN			
	Revised Jan-Mar 2013	Provisional Jan-Mar 2014	Change
1. CURRENT ACCOUNT	-401.2	-100.6	300.6
a. GOODS BALANCE	-1069.5	-900.6	168.8
Exports (f.o.b.)	476.2	364.4	-111.8
Imports (f.o.b.)	1545.7	1265.0	-280.7
b. SERVICES BALANCE	239.1	269.7	30.5
Transportation	-192.1	-159.1	33.0
Travel	576.9	594.9	18.0
Other Services	-145.6	-166.1	-20.5
c. INCOME	-89.2	-28.0	61.2
Compensation of employees	-1.9	1.5	3.3
Investment Income	-87.3	-29.4	57.9
d. CURRENT TRANSFERS	518.3	558.3	40.0
Official	57.6	64.6	7.0
Private	460.7	493.8	33.1
2. CAPITAL & FINANCIAL ACCOUNT	401.2	100.6	-300.6
A. CAPITAL ACCOUNT	5.2	-7.9	-13.1
a. Capital Transfers	5.2	-7.9	-13.1
Official	13.7	0.6	-13.1
Private	-8.5	-8.5	0.0
b. Acq./disposal of non-prod. non-fin'l assets	0.0	0.0	0.0
B. FINANCIAL ACCOUNT	396.1	108.5	-287.5
Other Official Investment	89.5	141.7	52.2
Other Private Investment (incl. Errors & Omissions)	65.3	222.6	157.3
Reserves	241.3	-255.8	

Source: Bank of Jamaica

Data Source: Bank of Jamaica (BOJ)

Jamaica's Net International Investment Position (NIIP) and hence there should be positive impact on the stability of the local currency in the foreign exchange markets as the demand for foreign currencies for capital outflow can better be supported, hence smaller risk of currency hoarding.

Monthly Inflation and Treasury Bill Rates

June 2014 Issue

Domestic Inflation Rate

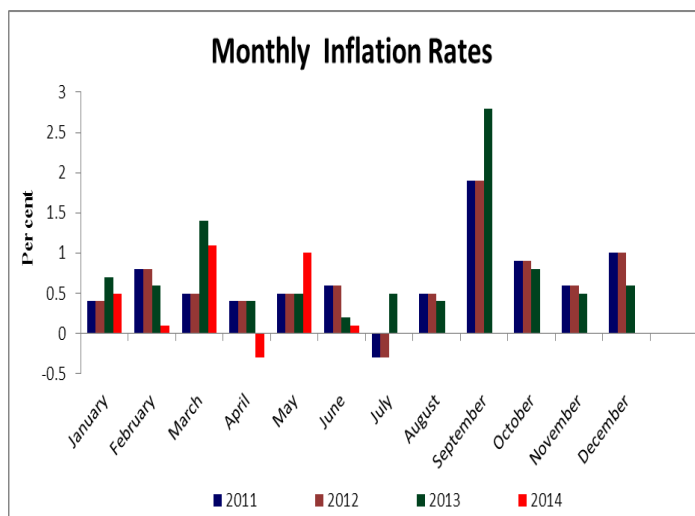
The monthly inflation rate, measured by the All Jamaica “All Divisions” Consumer Price Index (CPI) increased by **0.1%** for June 2014, representing a rise of **0.9%** relative to the inflation rate of **1.0%** for May 2014. The increase in the rate for June brought inflation for the calendar-year-to-date to **2.5%** and inflation for FY2014/15 to June to **0.8%**. The 12-month point to point rate at the end of June 2014 was **8.0%**.

The relatively low inflation for June was due to a **2%** reduction in the Housing, Water, Electricity, Gas and Other Fuels division. This was mainly attributed to a significant fall in the Electricity, Gas and other fuels subcomponent. However, this was partially offset by an increase in the Water Supply and Miscellaneous services subcategory. Inflation for the month was further boosted by an increase of **0.6%** in the index for Food and Non-Alcoholic Beverages, the heaviest weighted division. This movement was mainly due to increases in the Bread & Cereals and Milk, Cheese & Eggs subgroups.

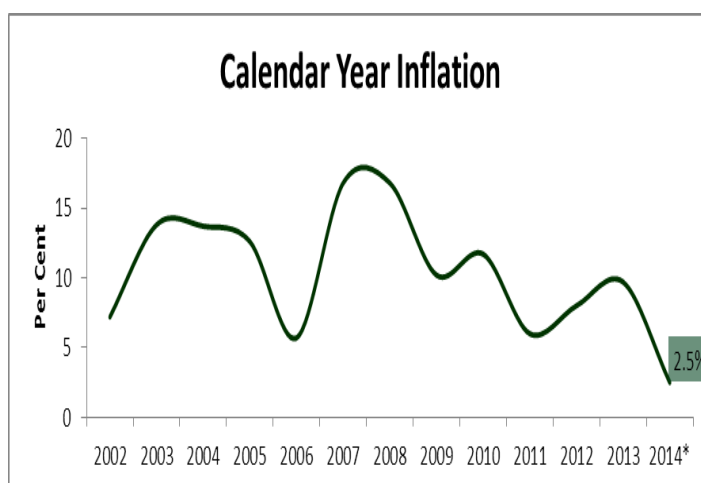
Inflation in all the three regional areas increased for the Month of June 2014 relative to May 2014. Inflation for the Greater Kingston Metropolitan area (GKMA), Other Urban Centers (OUC) and Rural Areas increased by **0.1%**, **0.1%** and **0%**, respectively.

GOJ Treasury Bill Rates

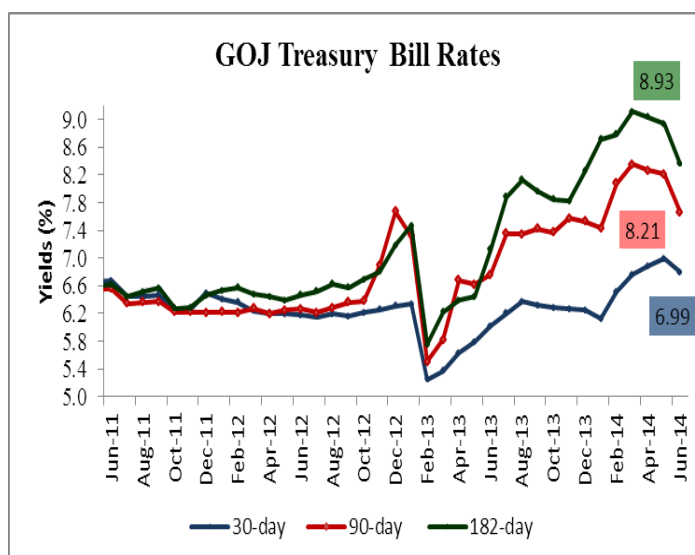
For June 2014 relative to May 2014, yields on GOJ 30-Day, 90-day and 182-day Treasury Bills fell by **19 bps**, **55 bps** and **57bps**, respectively. Yields on GOJ Treasury Bills have increased by **78 bps**, **90 bps** and **124 bps** for the 30-day, 90-day and 182-day tranches respectively for the period June 2014 relative to June 2013. The declining rates on these treasuries is an indication of improved investor confidence as well as an improvement in the outlook for economic performance over the medium to long term. Lower yields indicates that investors expect lower risk and lower inflation in the short to medium term.



Data Source: Statistical Institute of Jamaica (STATIN)



*-inflation for the Calendar year to June 2014 / STATIN



Data source: Bank of Jamaica

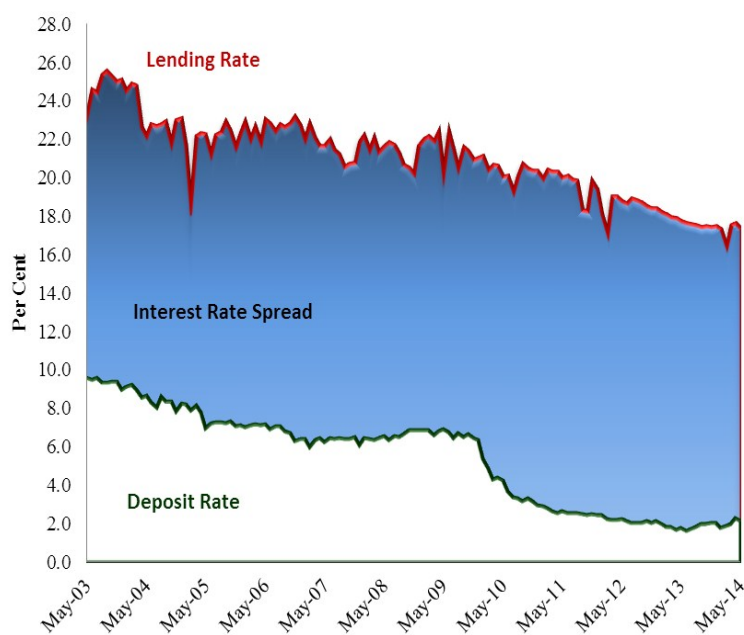
Monthly Interest Rates Update

June 2014 Issue

The overall weighted average lending rate on domestic currency loans fell by **31bps** to **17.35%** at end May 2014 relative to **17.66%** at end April 2014. This movement in the domestic currency loan rate occurred in the context of reductions in the rates in two of the six loan types. Personal credit and Installment Credit recorded significant declines of **56bps** and **11bps**, respectively. Meanwhile, the weighted average domestic interest rates on deposits declined by **14bps** to **2.12%** at the end of May 2014 relative to the end of April 2014. Consequently, the spread on domestic currency loans declined to **15.23%** at end May 2014 relative to **15.40%** at end April 2014.

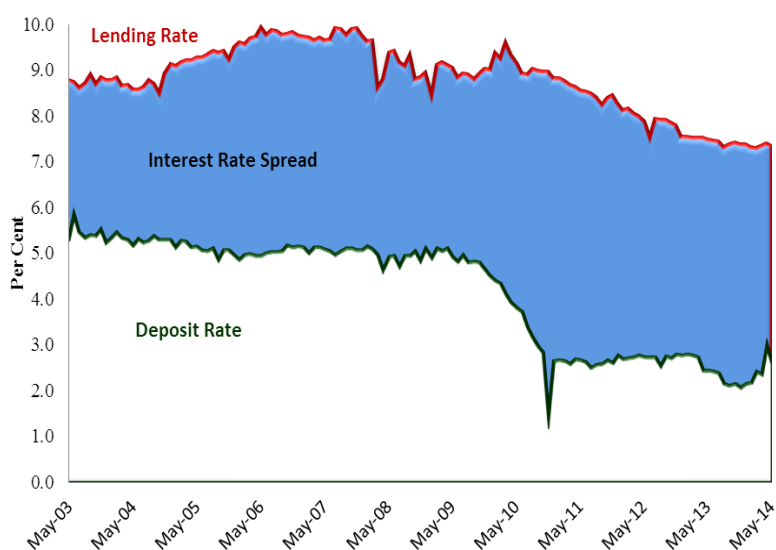
Similar to local currency loan rates, there was a decline in the weighted average interest rate on foreign currency loans for May 2014 relative to April 2014. In this regard, the foreign currency loan rate fell by **6 bps** to **7.34%** relative to **7.40%** at the end of April 2014. This resulted from a decrease of **6bps** in the interest rates on loans on the commercial credit and **10bps** on rates on Local Government and other Public Entities. These increases were partially offset by a increase of **1bps**, **4bps** and **7bps** on interest rates on installment credit, mortgage credit and personal credit respectively. Interest rates on foreign currency deposits declined by **5bps** to **2.46%** in April 2014. As a result, the interest rate spread on foreign currency loans in commercial banks at the end of May 2014 was **4.88%**, a decline of **1bps** relative to the spread of **4.89%** at the end of April. 2014

Local Currency Interest Rates



Data Source: Bank of Jamaica (BOJ)

Foreign Currency Interest Rates



Domestic Currency Weighted Loan Interest Rates (%) May 2014

	Instalment Credit	Mortgage Credit	Personal Credit	Commercial Credit	LGOPE	Central Govt.	Overall A/W Rate
Monthly Change	-0.11	0.00	-0.56	0.12	0.15	0.07	-0.31
Annual Change	-1.12	0.05	1.16	0.48	1.87	2.07	-0.43
End of Month	16.34	9.82	25.23	12.97	11.83	10.85	17.35

Foreign Currency Weighted Loan Interest Rates (%) May 2014

Monthly Change	0.01	0.04	0.07	-0.06	-0.10	NA	-0.06
Annual Change	0.91	-2.58	6.23	-0.06	-0.36	NA	-0.13
End of Month	8.60	6.74	16.97	6.95	6.26	NA	7.34

Monthly Exchange Rates Update

JMD:USD

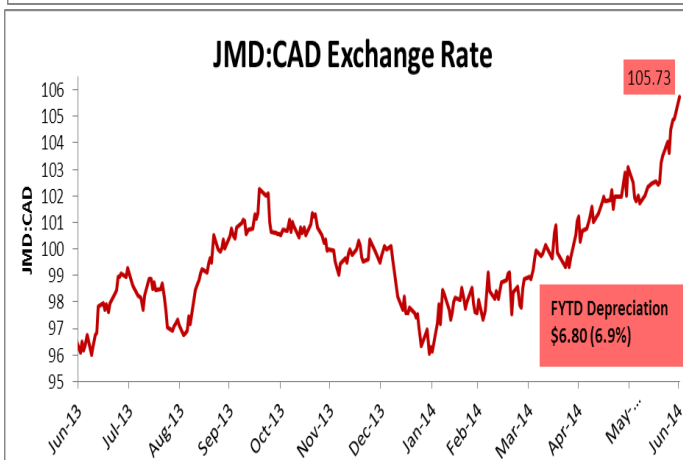
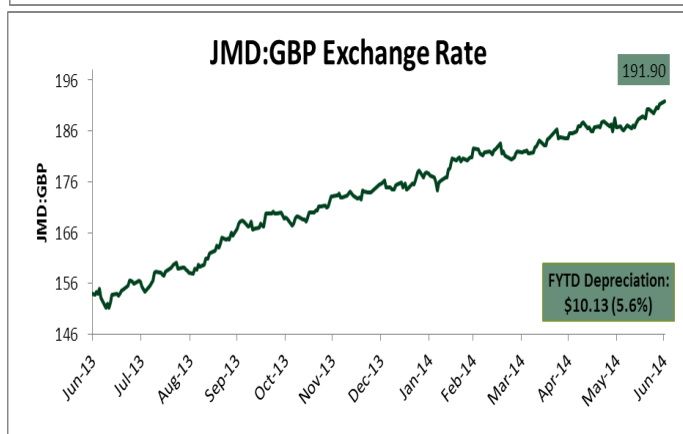
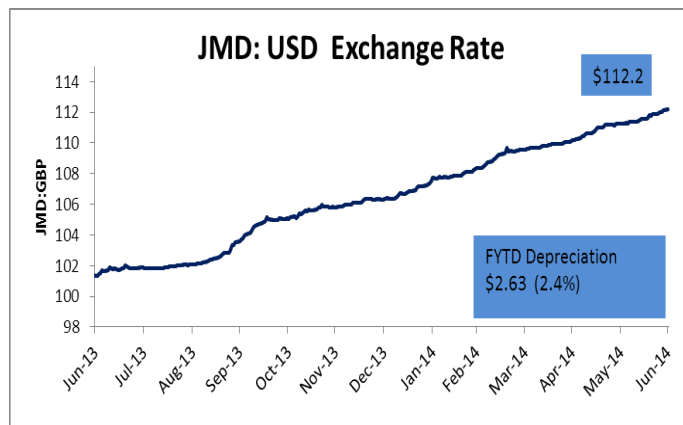
At the end of June 2014, the value of the Jamaica dollar was **J\$112.20=US\$1.00**, reflecting a depreciation of **J\$0.95 (0.9%)** relative to end May 2014. For the month of May the Jamaica dollar depreciated by **J\$1.10 (1%)**. The relatively slower pace of depreciation recorded for the month of June occurred given the continuing improvement in the current account deficit which should have resulted in reduced pressure on the value of the currency. In addition, there has been a strong build up the net international reserves, resulting in improved confidence in the ability of the Bank of Jamaica to intervene in the market in the event of disorderly exchange rate movements. For the Fiscal year to June 30, the dollar depreciated by **J\$2.63 (2.4%)**.

JMD:CAD

For the month of June 2014, the Jamaica Dollar depreciated by **J\$2.65 (2.6%)** relative to the Canadian dollar to end at **J\$105.73=CAD1.00**. The pace of depreciation for the month of June was much stronger than the depreciation of **J\$1.90 (1.8%)** for May. For the fiscal year to June 2014, the Jamaica dollar depreciated by **J\$6.80 (6.9%)**. The stronger pace of depreciation was due to relatively stronger demand for the Canadian dollar as the summer begins.

JMD:GBP

The Jamaica dollar depreciated by **J\$5.24 (2.8%)** relative to the Great Britain Pound during June 2014 to end trading at **J\$191.90=GBP£1.00**. In contrast, the Dollar appreciated by **J\$1.20 (0.6%)** relative to the pound in May 2014. Between June 2013 and June 2014, the Jamaica Dollar depreciated by **J\$37.74 (24.5%)**. This continued depreciation of the Jamaica dollar relative to the pound was also reflective of excess demand. Given the improvements in balance of payments and the build-up in the NIR, the pace of the depreciation in the three major trading currencies should temper in the short to medium term. However there are other fundamentals that are moving the rates that must be analyzed.



Data source: Bank of Jamaica

FX-Trends CYTD Changes						
	J\$/US\$	%	J\$/GBP	%	J\$/CAD	%
2014	5.82	5.5%	16.20	9.2%	6.01	6.0%
2013	8.40	9.0%	3.90	2.6%	3.22	3.5%
FX-Trends CY Changes						
2013	13.40	14.4%	27.03	18.0%	2.71	2.9%

Net International Reserves & Money Supply

June 2014 Issue

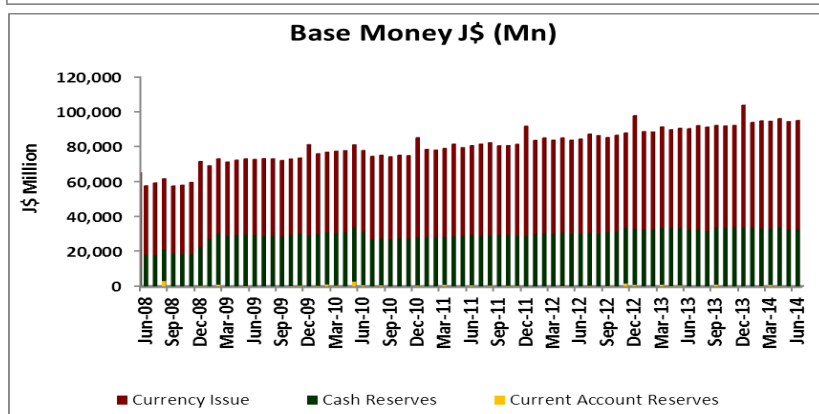
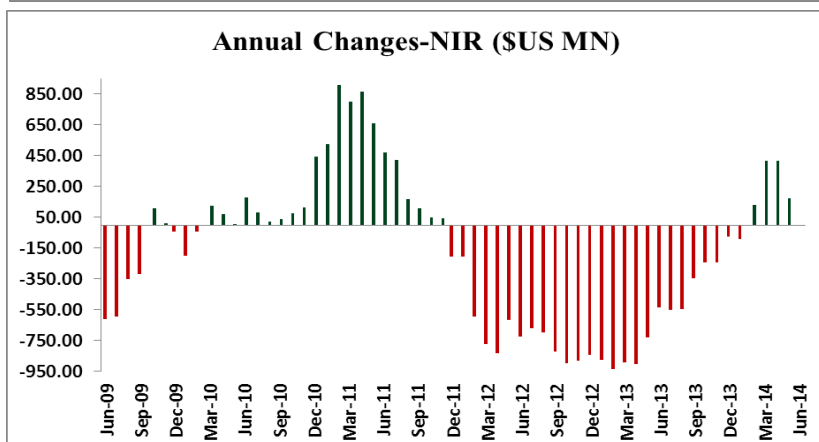
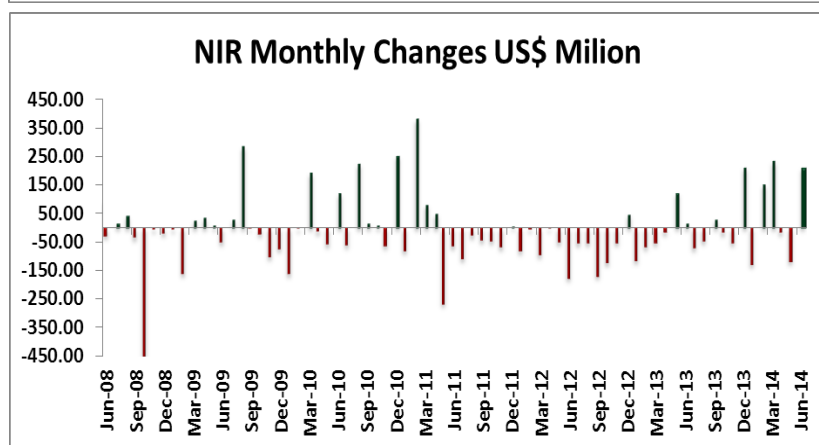
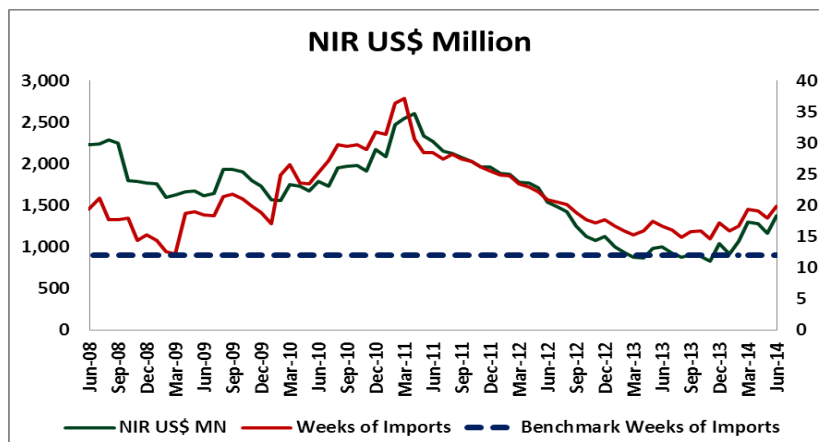
Net International Reserves

At the end of June 2014, the stock of Net International Reserves (NIR) at the Bank of Jamaica was **J\$146.39 billion (US\$1,376.13 million)**, an increase of **J\$22.45 billion (US\$211.36 million)** relative to May 2014. The increase in NIR for the month was due to an increase in foreign assets of **J\$20.76 billion (US\$195.12 million)** which was partially offset by an increase in foreign liabilities of **J\$1.73 billion (US\$16.24 million)**, mainly due to IMF payments.

At the end of June, the gross reserves were sufficient to finance **19.90** weeks of goods imports which represents **7.90** weeks over the international benchmark of **12** weeks of goods imports. The continued improvement in the NIR should provide positive support for the stability of the local currency.

Monetary Base

The monetary base expanded by **J\$1.7 billion (1.7%)** to **J\$95.94 billion** for June 2014 relative to May 2014. The expansion in the base reflected respective increases of **J\$703.3 million** in commercial bank's current account balances at the Bank of Jamaica and **J\$564.9 million** in commercial banks' statutory cash reserves. Additionally, there was net currency issue of **J\$390.9 million**. The expansion in the base resulted from an increase of **J\$22.48 billion** in the Net International Reserves (NIR) which was partially offset by a decline of **J\$20.83 billion** in the Net Domestic Assets (NDA).



Net International Reserves & Money Supply

June 2014 Issue

Dollarization Ratio

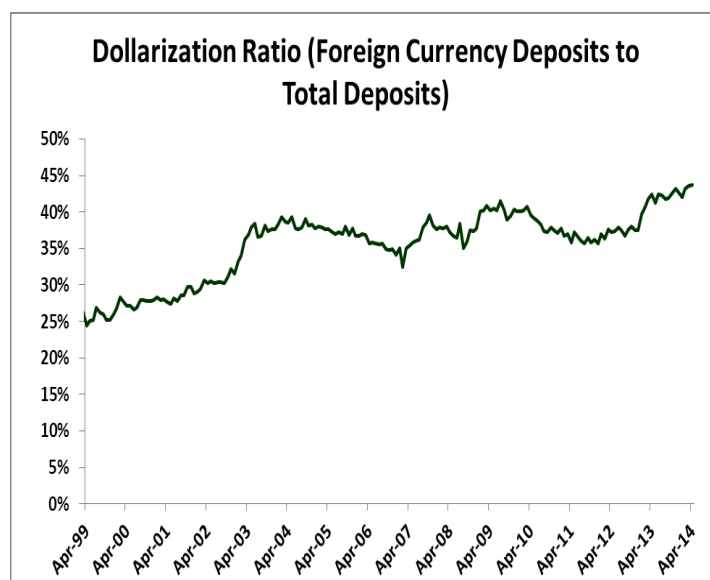
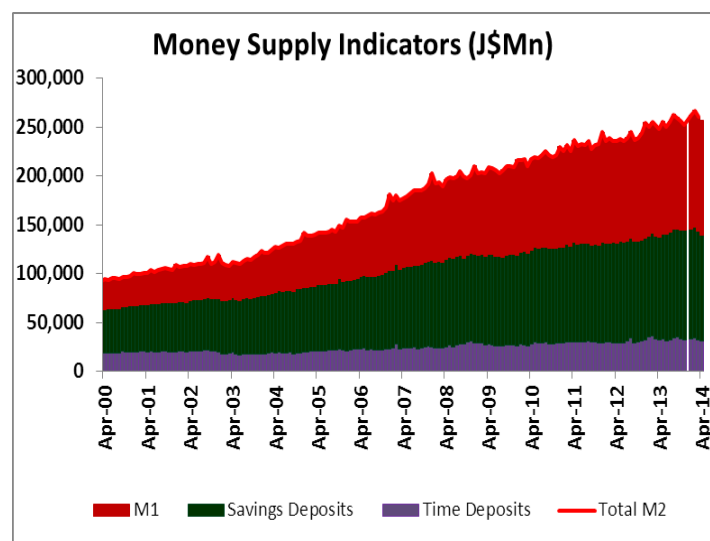
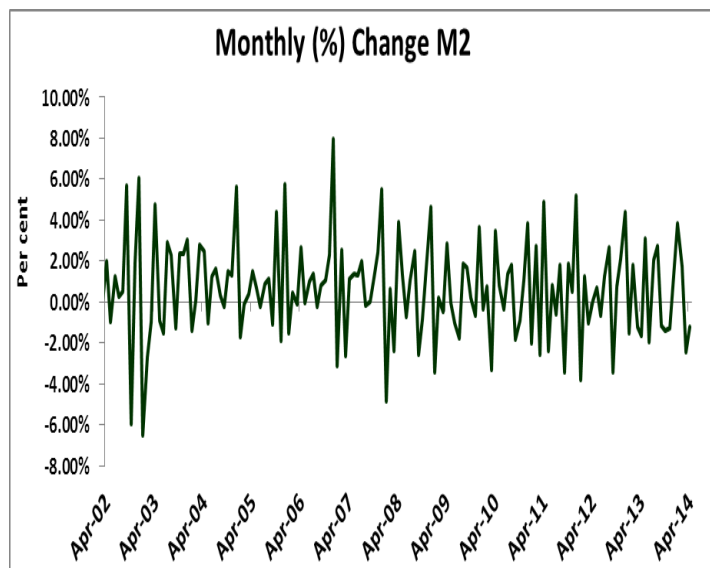
The dollarization ratio is defined as the proportion of foreign currency deposits relative to total deposits in domestic financial institutions, in this case, the domestic financial institutions include only commercial banks. The dollarization ratio measures the extent to which citizens of Jamaica officially or unofficially use foreign currency (primarily the U.S. Dollar) 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.

The dollarization ratio has increased marginally from **43.6%** to **43.8%** in April 2014 relative to March of 2014. At the same time last year the dollarization ratio was at **42.5%**. Financial dollarization has been on an upward trend since January 1999 when the ratio was **25%** to **43.8%** in April 2014.

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

Money Supply

For the month of April 2014, money supply measured by the sum of Jamaica Dollar deposits and currency in circulation declined by **1.24%** (J\$3.2 billion) relative to March 2014. This movement brought the expansion in money supply for the fiscal year 2014/2015 to April 2014 to **1.24%** (J\$3.2 billion) relative to **1.62%** (J\$4.1 billion) for the corresponding period of FY2013/2014.



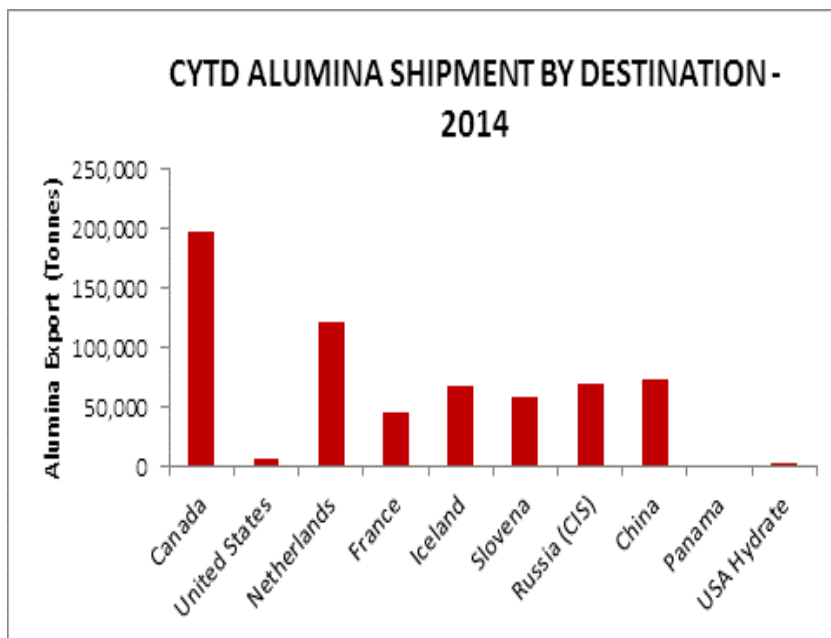
Domestic Bauxite And Alumina Production

June 2014 Issue

For the month of June 2014, the production of Alumina was **142,209 tonnes**, representing a decrease of **18,170 tonnes**, relative to May 2014. This outturn brought an annual change in Alumina production to a reduction of **7,524 tonnes (5.02%)**. For the month, the sale of alumina increased by **66,910 tonnes (42%)** relative to May. Contrastingly, alumina sales declined by **85,086 tonnes (48.2%)** in comparison to May 2013. For the year-to-date, alumina exports decreased by **30,796 tonnes (3.33%)**.

The production of crude bauxite, which is bauxite mined for exports as well as total bauxite, the sum of bauxite mined for exports and bauxite converted to alumina increased in June relative to May. The production of crude bauxite increased by **38,076 (9.8%) tonnes** while total bauxite for June increased by **643 tonnes (0.08%)**. Meanwhile, the sale of crude bauxite increased by **40,240 tonnes (10.7%)**, in addition, the sale of total bauxite fell by **234,226 tonnes (26.44%)** for the month of June 2014 relative to 2013.

For the calendar year to date, the production of crude bauxite increased by **73,385 tonnes (3.11%)**. Crude bauxite sales increased by **43,119 tonnes (1.83%)**. Similarly, the production of total bauxite increased by **256,692 tonnes (5.52%)**, while total bauxite sales for the calendar year to date increased by **62663 tonnes (1.32%)**.



Excluding Alumina Hydrates

Source: Jamaica Bauxite Institute (JBI)

Bauxite & Alumina Production and Export (Tonnes.)					
Monthly					
	Jun-14	May-14	Jun-13	Monthly % Change	Annual % Change
Production					
Alumina	142,209	160,379	149,733	-11.33%	-5.02%
crude Bauxite	426,220	388,144	386,611	9.81%	10.25%
Export					
Alumina	91,629	158,539	176,715	-42.20%	-48.15%
Bauxite	415,945	375,705	409,468	10.71%	1.58%
CYTD					
	Jun-14	May-14	Jun-13		
Production					
Alumina	920,610	778,401	891,261	18.27%	3.29%
Crude Bauxite	2,433,254	2,007,034	2,359,869	21.24%	3.11%
Export					
Alumina	894,096	802,467	924,892	11.42%	-3.33%
Crude Bauxite	2,401,637	1,985,692	2,358,518	20.95%	1.83%

ADVERTISEMENT SPACE

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

Tel: 927-6238
Email: research@psoj.org

Tourism

June 2014 Issue

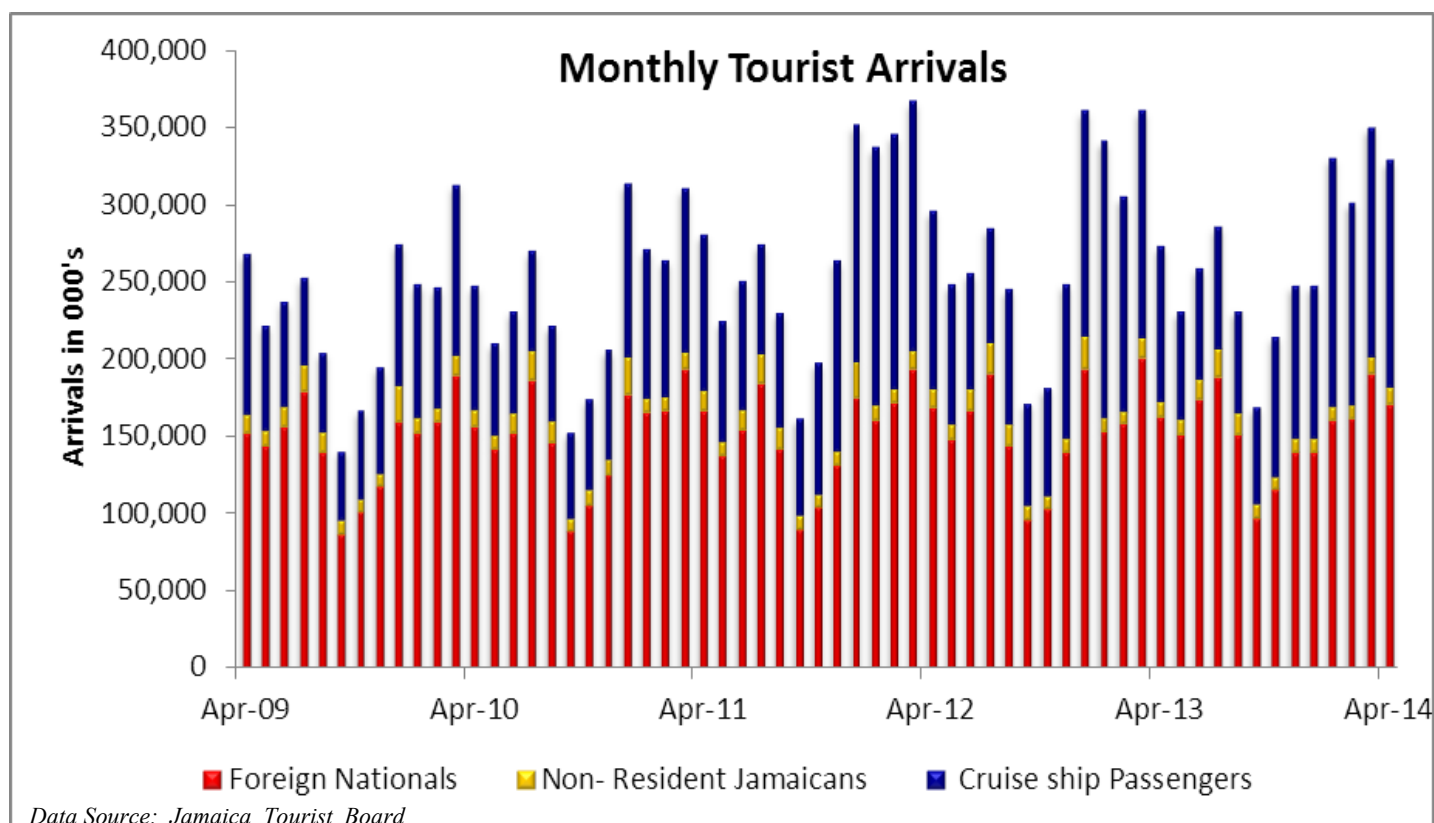
Tourist arrivals climbed to **721,004** for the period January 2014 to April 2014, this represents a **1.2%** or **8,800** stopover arrivals more than the **712,204** which was recorded for the same period in 2013. However, when compared to the same period in 2012 in which the total number of stopover visitors amounted to **735,182**, which were **14,178** or **2%** lower than current arrivals. For the current period January 2014 to April 2014, both categories foreign nationals and non-resident Jamaicans grew by **464 (1.1%)** and **8,336 (1.2%)** respectively.

Stopover arrivals in April 2014 were **181,664**. This represents an increase of **5.8%** over the **171,630** which was recorded in April of 2013. When compared to the same period in 2012, which recorded **180,511** visitors, current arrivals were higher by **1,153** or **0.6%**. Both February and March of 2014 had mixed results, February recorded a total of **169,338** or **3,318 (2%)** more than the same period last year. On the other hand, March 2014, recorded a

total of **200,732** or **12,377 (5.8%)** less than march of 2013.

The increased in stopover arrivals to Jamaica for April 2014 is also reflected in the marked increased from most destinations. With the exception of the Asian market which fell by **11.4%**, all other market increased. Visitor arrivals from the United States, Canada, Europe, Latin America, the Caribbean and other countries increased by **3.5%, 6.5%, 13.6%, 21.6%, 20.8%** and **8.2%** respectively.

Cruise passenger arrivals increased significantly in April 2014 when compared to both arrivals for 2013 and 2012. Total arrivals in April 2014 stood at **146,640**. This represents an increase of **45,379** or **45%** when compared to 2013. In 2012, the total arrivals stood at **115,347**, this means that arrivals for April 2014 were greater by **31,293** or **27%**. Total arrivals for both stop over visitors and



Tourism and Remittance

June 2014 Issue

Tourism Contd.

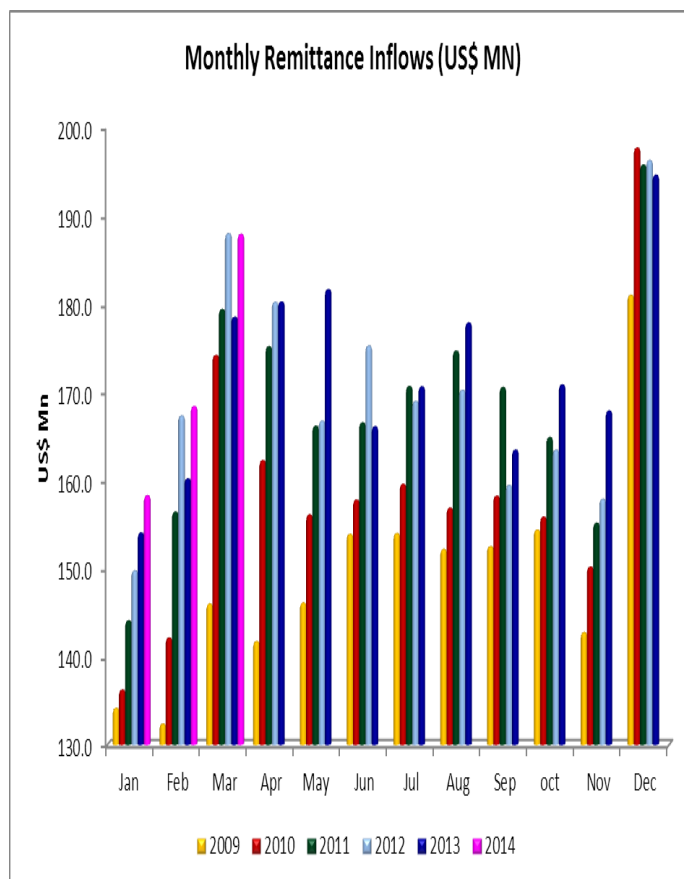
cruise passenger for April 2014 stood at **328,304**, at the same time in 2013 the figure was **272, 891**, this means that total arrival for 2014 was **55,413** or **20%** greater than last year.

The recorded increase in stop over arrivals for the period January 2014 to April 2014 is significant in that it brings in well needed foreign exchange for the country. In 2012 total tourist expenditure per person stood at **US\$620** and total expenditure stood at over **US\$2** billion. The revenue for the current period is expected to be relatively good. This is supported by the increase in the average length of stay which increased for all months of 2014. In April 2014 the average stay was **9.1** days compared to 8.9 for April of 2013. For the period January to April length of Stay was **8.3** days, this can be compared with the **8.1** days recorded for 2013.

Remittance Inflows

Gross remittance inflows for the month of March 2014 stood at **US\$187.8** million. This represents an increase of US\$9.4 million (**5.3%**) increase relative to March of 2013. At the same time in 2012 gross remittance stood at **US\$187.9** million. This means that current inflows are **US\$73,561 (0.04%)** higher. The monthly average inflow for March for the last five years stands at **US\$173.1** million, hence current remittance inflows are **US\$14.7** million (**8%**) higher.

The observed higher remittance inflow is as a result of increases in inflows of **US\$5.8** million and **US\$3.6** million from both remittance companies and other remittance sources. Gross remittance for March 2014 is **US\$29.6** million (**18.7%**) and **US\$19.5 (11.6%)** higher than inflows for



Data Source: Bank of Jamaica (BOJ)

both January and February 2014. For the fiscal year 2013/14 gross remittance inflows were **US\$2,086.8**, this represents an increase of **US\$56.6** million or **2.8%** over the same period in the 2012/13 fiscal year.

Net remittances for March 2014 were **US\$171.5** million, this represent an increase of **US\$10.8** million or **6.7%** when compared to March of 2013. The Bank of Jamaica reports that the growth in net remittance inflows for March 2014 is due to an increase in gross inflows and a contraction in remittance outflows. Net remittance inflows for the March quarter were **US\$461.2** million, this represents an increase of **US\$29.8** million or **6.9%** when compared to the March quarter of 2013. For the 2013/14 fiscal year to March 2014, net remittances were **US\$1,854.2** million,

International Merchandise Trade

June 2014 Issue

this represents an increase of **US\$84.4 million** or **4.8%** when compared to the same period in 2012/13 fiscal year.

In addition, gross remittance inflows for the first quarter of 2014 were **US\$514.3 million**, this represent an increase of **US\$21.8 million** or **4.4%** higher over the same period last year. This first quarter remittance inflow was also higher than the five year monthly average for the month of March which stands at **US\$468.3 million**.

International Merchandise Trade

The Statistical Institute of Jamaica reports that the Balance of Trade improved by **US\$124.3 (11%)** when the first quarter of 2014 is compared with 2013. Jamaica's trade deficit decreased from **US\$1,177.8 million** in the Jan-Mar quarter of 2013 to **US\$1,053.5** in 2014. In the same period imports amounted to **US\$1,411.8 million** when compared to imports of **US\$1,646.7** in 2013. this resulted in a reduction in imports of **US\$234.9 million** or **14.3%**. Similarly exports for the first quarter of 2014 amounted to **US\$358.3 million** when compared to exports of **US\$468.9 million** in 2013. this resulted in a decline in exports of **US\$110.5 million** or **23.6%**.

At the end of March 2014 the value of imports was **US\$495,410** when compared to the **US\$464,277** in February 2014, this means that imports increased by **6.7%**. A quarterly analysis shows that imports fell by **14.3%**. In this category, consumer goods and capital goods increased by **3.7%** and **12.4%**, while raw materials and motor vehicle fell by **22.2%** and **28.2%** respectively. Both traditional and non-traditional exports had major reductions of **18.15%** and **28.5%** for the first quarter of 2014. Categories with major reductions include agriculture (**35%**), mining and quarrying (**20.1%**), food (**10.3%**), beverages (**8.9%**) and other exports

MAJOR TRADITIONAL DOMESTIC EXPORTS (PRELIMINARY DATA US\$000)						
COMMODITIES	MAR. 2014	FEB. 2014	Monthly Change	JAN.-MAR. 2014	JAN.-MAR. 2013	Year-to- Date Change
TOT. TRAD. EXP.	66,027	47,317	39.5%	167,800	204,962	-18.1%
AGRI.	1,527	2,164	-29.4%	4,616	7,100	-35.0%
Banana	10	9	11.7%	29	0	-
Citrus	364	258	41.2%	979	2,493	-60.7%
Coffee	954	1,707	-44.1%	3,024	4,370	-30.8%
Cocoa	92	31	198.3%	214	0	-
Pimento	107	159	-32.6%	370	237	56.1%
M & Q	59,490	24,889	139.0%	135,276	169,368	-20.1%
Bauxite	12,155	7,741	57.0%	30,015	32,970	-9.0%
Alumina	47,335	17,148	176.0%	105,261	136,398	-22.8%
MANUFACTURE	5,010	20,264	-75.3%	27,908	28,493	-2.1%
Sugar	0	17,374	-100.0%	17,374	16,811	3.3%
Rum	4,282	2,585	65.6%	9,178	10,938	-16.1%
Citrus Products	0	1	-95.1%	4	14	-69.7%
Coffee Products	575	231	149.0%	982	605	62.5%
Cocoa Products	153	74	108.4%	370	126	194.4%

Data Source: Statistical Institute of Jamaica (STATIN)

(**35%**). The export of crude materials is the only category that had positive movements of (**44.3%**). See exports tables above and next page..

ADVERTISEMENT SPACE

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

Tel: 927-6238
Email: research@psoj.org



International Merchandise Trade

June 2014 Issue

NON-TRADITIONAL DOMESTIC EXPORTS (PRELIMINARY DATA)						
COMMODITIES	MAR. 2014	FEB. 2014	Monthly Change	JAN.-MAR. 2014	JAN.-MAR. 2013	Year-to- Date
TOTAL NON-TRADITIONAL EXPORTS	54,994	53,330	3.1%	176,704	247,082	-28.5%
FOOD	11,791	10,471	12.6%	34,254	38,182	-10.3%
Pumpkins	53	45	19.4%	143	184	-22.3%
Other Vegetables & Preparations thereof	208	159	30.7%	606	612	-1.0%
Dasheen	106	92	15.2%	336	383	-12.2%
Sweet Potatoes	281	215	30.8%	747	803	-7.1%
Yams	1,372	1,231	11.4%	3,953	5,281	-25.1%
Papayas	362	393	-8.0%	1,154	793	45.5%
Ackee	549	807	-31.9%	2,653	3,903	-32.0%
Other Fruits & Fruit Preparations	428	150	184.6%	704	707	-0.4%
Meat & Meat Preparations	341	426	-20.0%	1,138	1,409	-19.2%
Dairy Products & Bird's Eggs	655	778	-15.9%	2,751	2,673	2.9%
Fish, Crustaceans & Molluscs	509	553	-8.0%	1,995	1,457	36.9%
Baked Products	1,462	1,613	-9.4%	3,963	4,276	-7.3%
Juices excluding Citrus	486	317	53.2%	1,340	1,738	-22.9%
Animal Feed	825	680	21.3%	2,571	2,698	-4.7%
Sauces	1,550	1,248	24.2%	3,955	4,025	-1.8%
Malt Extract & Preparations thereof	384	289	32.8%	961	1,151	-16.5%
Other Food Exports	2,219	1,472	50.7%	5,285	6,087	-13.2%
BEVERAGES & TOBACCO (excl. Rum)	2,391	1,970	21.4%	6,629	7,280	-8.9%
Non - Alcoholic Beverages	753	713	5.6%	2,344	1,889	24.0%
Alcoholic Beverages (excl. Rum)	1,638	1,255	30.5%	4,283	5,378	-20.4%
Tobacco	1	2	-68.2%	2	13	-81.0%
CRUDE MATERIALS	3,048	3,452	-11.7%	9,515	6,595	44.3%
Limestone	11	1,157	-99.1%	1,180	962	22.7%
Waste and Scrap Metals	2,838	2,168	30.9%	7,865	4,402	78.7%
Other	199	127	56.8%	469	1,231	-61.9%
OTHER	37,763	37,437	0.9%	126,307	195,024	-35.2%
Mineral Fuels, etcetera	30,543	30,191	1.2%	97,014	97,752	-0.8%
Animal & Vegetable Oils & Fats	26	19	37.9%	55	23	143.0%
Chemicals (incl. Ethanol)	2,122	1,787	18.8%	5,272	91,754	-94.3%
Manufactured Goods	4,333	4,490	-3.5%	20,639	2,946	600.6%
Machinery & Transport Equipment	216	274	-21.1%	668	786	-15.0%
Wearing Apparel	142	111	27.9%	341	285	19.4%
Furniture	0	0		9	106	-91.9%
Other Domestic Exports	381	566	-32.8%	2,309	1,372	68.2%

Stock Market Update

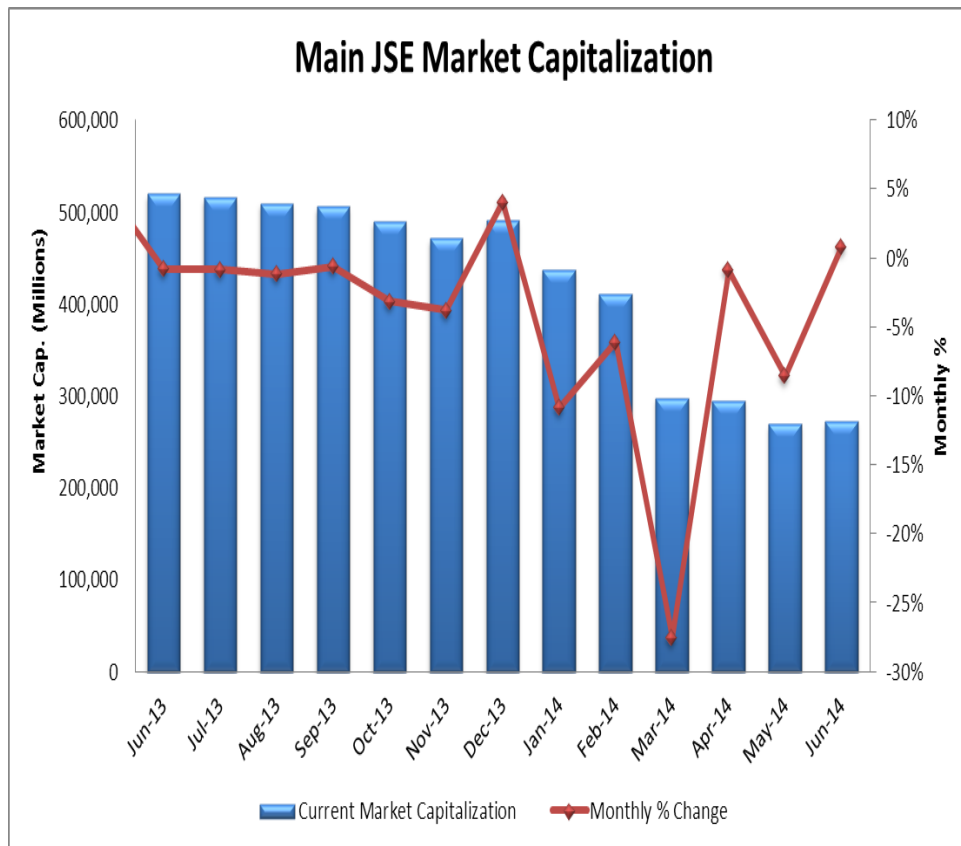
June 2014 Issue

The main JSE indices advanced in June 2014. In this regard, the main JSE market index and the JSE Combined Index advanced by **480.66 points (0.68%)** and **445.82 points (0.61%)**. In contrast, the JSE Cross Listed Index remained firm and closed the month at **585.90** points while the US Equities Index declined by **0.72 (0.55%)**.

Overall, the market activity for June resulted from trading in thirty seven (37) stocks of which 11 advanced, 16 declined and 10 traded firm. In total, **102,101,468 units** of stock were traded during the month, which had a total value of **\$1,144,571,996.78**. This resulted in market capitalization of **\$272.08 billion** as at end June 2014, an increase of **J2.31 billion 0.83%**, relative to the market capitalization value of **\$269.86 billion** as at end May 2014.

Savior Group Jamaica Limited was the volume leader for the month with **28,353,185 units (27.77%)** traded. Savior was followed by The Jamaica stock exchange Limited, which traded **10,200,000 units (9.99%)**. Next in line was the National Commercial Bank which traded a total of **10,034,193 units (9.83%)** for the month.

The top three advancing stocks for the month of May were LIME. (**17.8%**), Kingston Properties Limited (**14.29%**), and Desnoes and Geddes (**6.12%**). The stocks with the largest decline in prices were Ciboney Group **20%**,



Data Source: Jamaica Stock Exchange

Mayberry investment Limited (**14.12%**), and Savior Real X Fund (**10.45%**).

For the calendar-year-to-date, the top four advancing stocks were, LIME (**106.25%**), Ciboney Group (**60%**), Hardware & Lumber (**55.74%**), and National Commercial Bank Jamaica (**9.65%**). Meanwhile, Pulse Investments (**65.52%**), Caribbean Cement Company (**28.57%**), Supreme Ventures (**28%**), and Mayberry Investment Limited (**27%**) were the top declining stocks for the calendar year to June 2014.

On the Junior Stock Market, a total of **11,043 units** of stock were traded during the month of June. This had a total value of **\$16,763,085.94 million** and resulted in market capitalization of **\$27,001.68 million**, a decline of **0.1 percent**, relative to the market capitalization value of **\$27,028.15 million** as at end June 2014.

The marginal improvement in the main stock markets for June 2014 marks the revival of the stock market following months of decline. This positive development is a definite sign that the general economic recovery is progressing positively. It suggests that confidence is finally returning to the markets and this confidence is in line with confidence that the economy is moving in the right direction. See table on next page for winners and losers for June.

Stock Market Update

June 2014 Issue

TOP TEN WINNERS & LOSERS

(JUNE 30, 2014)

TOP ADVANCING		OPEN PRICE	CLOSE PRICE	TOP DECLINING		OPEN PRICE	CLOSE PRICE
	%	\$	\$		%	\$	\$
1 MONTH							
LIME	17.86%	0.28	0.33	Ciboney Group	(20.00%)	0.10	0.08
Kingston Properties Limited	14.29%	3.50	4.00	Mayberry Investments Limited	(14.12%)	1.70	1.46
Desnoes & Geddes	6.12%	4.25	4.51	Sagicor Real Estate X Fund	(10.45%)	6.70	6.00
National Commercial Bank Jamaica	5.40%	17.04	17.96	Jamaica Producers Group	(9.81%)	18.25	16.46
Sagicor Group Jamaica	2.36%	8.89	9.10	Hardware & Lumber	(5.00%)	10.00	9.50
GraceKennedy Limited	1.85%	54.00	55.00	Scotia Investments Jamaica	(4.50%)	23.10	22.06
Gleaner Company	0.91%	1.10	1.11	Jamaica Money Market Brokers	(2.86%)	7.00	6.80
Pan Jamaican Investment Trust	0.62%	48.20	48.50	Jamaica Broilers Group	(2.34%)	4.71	4.60
Berger Paints (Jamaica)	0.60%	1.66	1.67	Barita Investments Limited	(2.22%)	2.25	2.20
Caribbean Cement Company	0.40%	2.49	2.50	Jamaica Stock Exchange	(1.56%)	1.92	1.89
YEAR-TO-DATE							
		\$	\$			\$	\$
LIME	106.25%	0.16	0.33	Pulse Investments	(65.52%)	0.87	0.30
Ciboney Group	60.00%	0.05	0.08	Caribbean Cement Company	(28.57%)	3.50	2.50
Hardware & Lumber	55.74%	6.10	9.50	Supreme Ventures	(28.06%)	2.78	2.00
National Commercial Bank Jamaica	9.65%	16.38	17.96	Mayberry Investments Limited	(27.00%)	2.00	1.46
Jamaica Stock Exchange	5.00%	1.80	1.89	Kingston Wharves	(17.49%)	6.06	5.00
Jamaica Broilers Group	1.55%	4.53	4.60	Jamaica Producers Group	(13.37%)	19.00	16.46
Gleaner Company	0.91%	1.10	1.11	Scotia Investments Jamaica	(12.36%)	25.17	22.06
Seprod Limited	0.19%	10.50	10.52	Barita Investments Limited	(12.00%)	2.50	2.20
				Desnoes & Geddes	(11.57%)	5.10	4.51
				Kingston Properties Limited	(11.11%)	4.50	4.00
1 YEAR							
Caribbean Cement Company	177.78%	0.90	2.50	Pulse Investments	(81.25%)	1.60	0.30
Hardware & Lumber	146.11%	3.86	9.50	Mayberry Investments Limited	(43.85%)	2.60	1.46
LIME	120.00%	0.15	0.33	Kingston Wharves	(37.50%)	8.00	5.00
Trinidad Cement Limited	12.88%	15.60	17.61	Carreras Limited	(35.93%)	52.97	33.94
				Supreme Ventures	(33.33%)	3.00	2.00
				Seprod Limited	(27.50%)	14.51	10.52
				Berger Paints (Jamaica)	(27.39%)	2.30	1.67
				Scotia Investments Jamaica	(19.78%)	27.50	22.06
				Barita Investments Limited	(15.06%)	2.59	2.20
				Jamaica Money Market Brokers	(14.89%)	7.99	6.80

Adapted from the Jamaica Stock Exchange monthly analysis

Previous Highlights: May 2014 Summary

June 2014 Issue

International Monetary Fund chief Christine Lagarde announced the lowering of the growth forecast for the United States down from **2.8%** to **2%**. Growth reduction not likely to cause significant impact on emerging market economies as the shock is temporary.

The growth in real GDP of **1.6%** for the March quarter should continue to influence macroeconomic indicators over the next quarter. It is expected that in the short term growth in the economy is expected to continue due to improvements in Agriculture, Mining, Construction and Hotels and restaurants. The downside risks however are the beginning of the hurricane season and the effects of fiscal consolidation on the implementation of major projects. For the June quarter, GDP is projected to fall within the range of **0.5%** to **1.5%**.

For the month of May 2014, the Jamaica Dollar depreciated by **J\$1.10 (1.0%)**, **J\$1.90 (1.8%)** and **J\$1.20 (0.6%)** relative to the US dollar, the Canadian dollar and the Great Britain Pound. The slower pace of depreciation in the Jamaica Dollar relative to the Canadian dollar and the Pound reflected the continuing improvement in the current account deficit that has resulted in reduced pressure on the value of the currency. The depreciation of the Jamaican dollar relative to the US dollar largely reflected higher seasonal demand and reduced inflows.

The monthly inflation rate increased by **1.0%** for the month of May 2014. This represents a rise of **1.3%** relative to the inflation rate of **-0.3%** recorded for April 2014. Inflation for May 2014 brought inflation for the calendar-year-to-date to **2.4%** and the 12-month point to point rate at end April 2014 to **8.0%**. For the fiscal year 2014/15 to date the inflation rate is **0.7%**.

There were price reductions in **13** or **65%** of the **20** commodities monitored for May 2014. Notably, the crude oil indices had mixed price movements. For the month, the Brent crude oil index rose by **US\$1.8 (1.8%)** to settle at **US\$109.68** per barrel. The price per barrel for the WTI fell by **US\$0.18 (0.2%)** to end May at **US\$102.00** per barrel. However, beef, oranges, poultry and sugar had price increases for the month.

The IMF's Fuel Energy Index increased by **0.6%**, while the Food and Beverage Index fell by **1.5%**. The tempered movement in food prices should impact Jamaica on or before end-July 2014. These price movements coincide with depreciation of the Jamaica Dollar of **1.0%**, **0.6%** and **1.8%** relative to the US Dollar, Great Britain Pound and the Canadian Dollar, respectively for the month of April.

The decline of Treasury Bills yields of the 90-day and 182-day tenors by **5 bps** and **10bps**, respectively for the second consecutive month has significant pieces of good news about the economy.

It implies that investors believe that risks has declined and that inflation will be curtailed in the medium to longer term. In addition both loan rates and deposit rates on both Jamaican and US funds rose marginally during the month, this is reflective of a tight liquidity environment.

Previous Highlights: May 2014 Summary

June 2014 Issue

The relative tight monetary environment was also reflected in the stock of Net International Reserves (NIR) at the Bank of Jamaica which declined by US\$120.32 million (9.3%) to close the month at **J\$123.91 billion** (US\$1,164.77 million) relative to April 2014. At the end of May, the reserves were sufficient to finance 17.21 weeks of goods imports which represents 5.21 weeks over the international benchmark of 12 weeks of goods imports.

The monetary base contracted by **J\$1.7 billion** (1.7%) to **J\$94.29 billion** for May 2014 relative to April 2014. The reduction in the base reflected respective declines of **J\$987.8 million** in commercial bank's statutory cash reserves and **J\$188.3 million** in commercial banks' current account balances.

For the month of April 2014, money supply measured by the sum of Jamaica Dollar deposits and currency in circulation declined by **1.24% (J\$3.2 billion)** relative to March 2014. This movement brought the expansion in money supply for the fiscal year 2014/2015 to April 2014 to **1.24% (J\$3.2 billion)** relative to **1.62% (J\$4.1 billion)** for the corresponding period of FY2013/2014.

Data from the Statistical Institute of Jamaica reveals that the country's trade deficit with the rest of the world fell by **US\$263.7 million (6.2%)** as at the end of February 2014. As at the end of February 2014 the total value of Jamaica's imports for the fiscal year 2013/14 stood at **US\$5,303.1 million** while total exports stood at **US\$1,294.8 million**, resulting in a trade deficit of **US\$4,008.3 million**. For the similar period last year the value of total imports stood at **US\$5,857.1** while total Exports stood at **US\$1,585.1**,

resulting in a trade deficit of **US\$4,272 million**.

Finally, the stock markets continued on its declining path during May 2014. The main JSE market index and the JSE Combined Index fell by **4,339.9 points (6.2%)** and **4,290 points (5.9%)**. In contrast, the JSE Cross Listed Index remained firm and closed the month at **585.90 points** while the US Equities Index advanced by

ADVERTISEMENT SPACE

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

Tel: 927-6238
Email: research@psoj.org

Statistical Index: Major Macro-Economic Indicators

June 2014 Issue

	Monthly Inflation	Saving Rate	Lending Rate	Exchange Rate	NIR	Remittance	Tourist Arrival	Oil Price Brent	Oil Price WTI
Month	%	%	%	JS/US\$	US\$B	US\$M	000	US\$ Per barrel	US\$ Per barrel
Jan-12	0.4	2.45	18.13	86.78	1.883	149.7	337,100	119.70	102.26
Feb-12	0.8	2.25	17.13	86.91	1.875	167.2	345,007	124.93	106.15
Mar-12	0.5	2.19	19.03	87.25	1.777	187.9	366,518	120.59	103.28
Apr-12	0.4	2.19	19.04	87.33	1.772	180.1	295,858	120.59	103.28
May-12	0.5	2.24	18.76	87.75	1.719	166.7	247,937	110.52	94.51
Jun-12	0.6	2.14	18.65	88.48	1.540	175.2	255,121	95.59	82.36
Jul-12	-0.3	2.02	18.92	89.24	1.484	168.9	284,514	103.14	87.89
Aug-12	0.5	2.00	18.84	89.73	1.429	170.1	245,204	113.34	94.11
Sep-12	1.9	2.02	18.70	89.90	1.258	159.4	171,229	113.38	94.61
Oct-12	0.9	2.14	18.53	90.64	1.133	163.4	180,835	111.97	89.52
Nov-12	0.6	2.05	18.42	91.46	1.078	157.8	248,141	109.71	86.69
Dec-12	1	2.10	18.44	92.65	1.126	196.2	360,494	109.64	88.19
Jan-13	0.7	1.98	18.23	93.45	1.009	154.0	341,365	112.93	94.65
Feb-13	0.6	1.82	18.09	95.66	0.940	160.1	304,889	116.46	95.30
Mar-13	1.4	1.80	17.97	97.76	0.884	178.4	361,131	109.24	93.12
Apr-13	0.4	1.67	17.92	99.55	0.866	180.1	272,891	102.88	92.02
May-13	0.5	1.74	17.77	99.12	0.989	181.5	230,392	103.03	94.72
Jun-13	0.2	1.61	17.66	100.82	1.003	166.0	258,535	103.11	95.79
Jul-13	0.5	1.71	17.58	101.76	0.930	170.5	285,601	107.72	104.55
Aug-13	0.4	1.81	17.53	101.94	0.882	177.8	231,205	110.96	106.55
Sep-13	2.8	1.97	17.45	102.64	0.910	163.4	168,650	111.62	106.31
Oct-13	0.8	1.97	17.48	104.65	0.890	170.7	214,430	109.48	100.50
Nov-13	0.5	2.03	17.44	105.60	0.836	167.8	247,512	108.08	93.81
Dec-13	0.6	2.04	17.49	106.15	1.048	194.5	247,512	110.63	97.90
Jan-14	0.5	1.77	17.33	106.9	0.918	158.2	361,424	107.57	95.00
Feb-14	0.1	1.85	16.45	107.93	1.069	168.3	330,201	108.81	100.70
Mar-14	1.1	1.98	17.57	109.21	1.304	NA	200,732	107.41	100.57
Apr-14	-0.3	2.26	17.66	110.16	1.285	NA	NA	107.88	102.18
May-14	1	NA	NA	111.26	1.165	NA	NA	109.68	102.00

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: _____

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.

Annual

Subscription

(Jan-Dec)

PSOJ Members:

\$7,000.00

(Plus G.C.T.)

Non-members:

\$10,000.00

(Plus G.C.T.)

Payment Options

Cheque

Money Order

(No Cash Payment)

(Payment must be included with your order form)