



# MONTHLY ECONOMIC BULLETIN

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July 2016 Issue

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## The CEO'S Remarks

The recently released JCC confidence numbers shows that confidence among businesses and consumers remain high, even though there has been some reduction in the business confidence index. The fact is that businesses and consumers are more confident about their future prospects.

This is not surprising, as over the life of the IMF programme, Jamaica has managed to reduce its fiscal deficit, reduce the debt to GDP ratio, and bring some amount of macroeconomic stability. In addition legislative changes and institutional strengthening has combined with the macroeconomic and fiscal achievements to provide a much better business environment and when businesses do better consumers benefit through increased employment and improved incomes.

With all of this, however, Jamaica is still recording relatively weak growth rates of just around 1 percent per annum, with the PIOJ projecting growth for the fiscal year at 1.3%.

The recognition for growth has not gone unnoticed the government, which has made it a priority and has appointed the Economic Growth Council (EGC), headed by the well respected Michael Lee-Chin. Mr. Lee-Chin has targeted growth of 5% in 4 years, the

well known 5 in 4 statement. And if there is anyone else who can achieve that it is Michael Lee-Chin.

The problem the EGC faces, however, is that growth of 5% cannot happen, on a sustainable basis, unless we address some of the structural issues with the economy. So just as we were able to reduce crime temporarily with the 2010 Tivoli incursion, the fact is that because of the structural issues, crime again increased and is back with a vengeance. Similarly what is more important than getting to 5% growth is sustaining it at levels around 5% for us to see any long term economic improvement.

The fact is that no matter how hard a runner trains, if physically and mentally he does not have the capacity to run a 10 second 100 metre, then no amount of training will help until you work on the capacity to do that.

So as we seek to achieve 5% growth, it is important that we address the structural issues that impede growth and prosperity. These include long standing issues such as bureaucracy, uncompetitive tax environment, crime and indiscipline, corruption, and regulatory impediments to capital.

## Economic Highlights July 2016

- ◇ On July 26, 2016, the Jamaica Chamber of Commerce released the second quarter 2016 business and consumer confidence indices. The Business Confidence Index came down from its all time high for last quarter from 144.6 to 141.6 in the second quarter 2016 survey. This quarter's index significantly ahead of last year's 128.2. This is as a result of firms remaining more optimistic than in other surveys during the past 15 years with the exception of last quarter. The survey recorded that 64% of the proportion of firms expected an improved economy, the highest percentage recorded over 15 years of the survey. The survey also reflected that 74% of firms anticipate that their profits would improve during the year, the highest proportion recorded since the survey first began in 2001. Consumer Confidence Index was 155.6 in the second quarter survey, up from 147.9 in the prior quarter and above the 114.0 one year ago. In the previously recorded election periods in 2007 and 2012, post-election surges in the consumer confidence quickly faded as election gains were not fulfilled. However, this time, it is expected to be different as consumers' evaluation of the recent progress has pushed the current condition
- index to a new all-time peak of 153.0 which is 18% above the first quarter of 2016 and 38% above last year's second quarter. The survey showed that consumers reported the most favorable evaluations of recent economic progress in the history of the survey.
- ◇ At the end of July 2016, the value of the Jamaica Dollar depreciated by J\$0.37 or 0.294% to J\$126.38=US\$1.00. In contrast, the dollar decreased in value relative to the Canadian dollar. The dollar depreciated by \$J0.17 or 0.1738% to end at J\$97.65=CAD\$1.00 The Canadian dollar appreciated by J\$0.62 or 0.156%. Like the Canadian dollar, the value of the Jamaica dollar went down by J\$13.61 or 7.60% in relation the Great Britain Pound. At the end of the month, the Jamaican dollar ended at GBP1.00=J\$165.52.
- ◇ Inflation, measured by the All Jamaica "All Divisions" Consumer Price Index (CPI) increased by 0.5% for the period July 2016 over June 2016. The increase in the rate for July brought inflation for the calendar year to date to -0.1%. The increase in the rate for June 2016 over May 2016 brought inflation for the fiscal year to June to 1.2%. The 12-month point to point rate at the end of July 2016

## Economic Highlights July 2016

was 2.1%.

- ◇ Data for the month ending July 2016 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was J\$273.98 billion (US\$2,389.49 million).
- ◇ The monetary base increased by J\$2.934 billion to J\$123.616 billion for July 2016 relative to June this year
- ◇ On the last trading day in July 2016, for the period July 01, 2016 to July 29, 2016, the main JSE index advanced by 104.52 points or 0.07% to close at 159,821.96 points. The JSE Combined Index advanced by 20.65 points or 0.01% to close at 170,827.67 points. The JSE Junior declined by 7.30 points or 0.33% to close at 2,200.86 points. In contrast, once again, the JSE Cross Listed Index remained firmed and closed the month at 499.06 points.
- ◇ For the month of April 2016 relative to the previous month, yields on the Government of Jamaica 30-day and 182-day treasury bills increased by 1bps and 16bps respectively. However, yields on 90-day treasury bills decreased by 2bps.
- ◇ The overall weighted average lending rate on

domestic currency loans decreased for April relative to March this year. The weighted average lending rate on domestic currency loans decreased by 6bps to end the month at 16.61%. The weighted average domestic interest rates on deposits for the month ending was 1.37%. For April this year foreign currency loan rate increased relative to March 2016. In this regard, the foreign currency loan rate increased by 5bps to 7.40%. Meanwhile, the interest rates on foreign currency deposits remained the same.

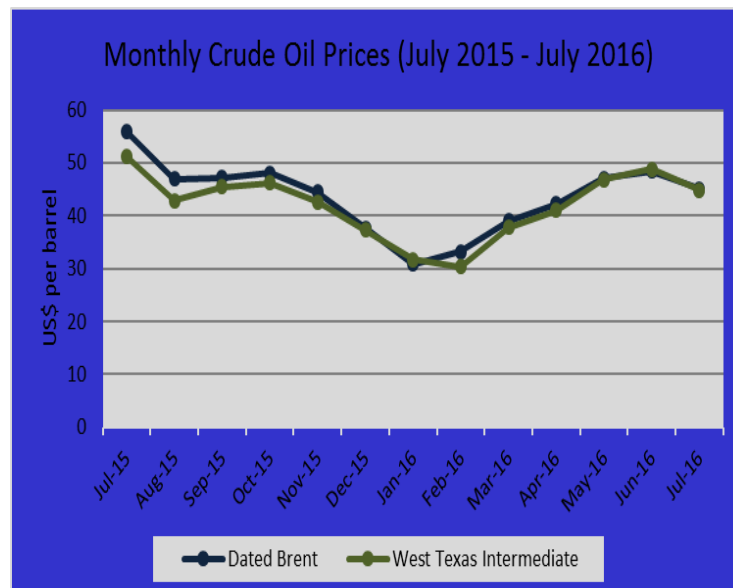
- ◇ Stopover tourist arrivals for May 2016 were 167,884, and for January to May period, were 940,992. A total of 94,577 cruise passengers visited Jamaica in May 2016, and for January to May 2016 period saw 665,532 arrivals at the 3 major ports.
- ◇ There were price reductions observed in 53.38% (11) of the commodities monitored for July 2016. The price of crude oil index Brent decreased in July 2016 as well as the WTI. The Brent moved down by 7.03% and the WTI increased by 7.92%. Natural gas increased by 8.56%. The IMF's Fuel Energy index decreased by 5.01%, and the Food and Beverage Index decreased by 2.1%. The all commodity price index increased by 2.43%.

## International Commodity Prices

### Crude Oil Prices

For the month ending July 2016, both the average price of the Dated Brent and the West Texas Intermediate (WTI) decreased. The Brent ended the month of July at **US\$45.07 per bbl**. This represented a **US\$3.41** or **7.03%** decrease from the **US\$48.48 per bbl** recorded for the previous month. The West Texas Intermediate (WTI) ended the month at **US\$44.89**. This represented a **US\$3.86** or **7.92%** decrease relative to last month. A one-year comparison of prices revealed that this year's price for the Brent is **19.33%** or **US\$10.8 per bbl** lower. When compared to last year's price, this year's WTI price is **12.26%** or **US\$6.27** below. When compared to the price level two years ago both the Brent and WTI are **57.87%** and **56.41%** respectively below. The 5-year average of prices ranging from June 2011 to July 2016 for the Dated Brent and the West Texas Intermediate are **US\$89.53 per bbl** and **US\$79.92 per bbl** respectively. This month's price was **40%** below the 5-year average of prices for the Brent and **43.83%** for the WTI.

In press release published on July 26, 2016 the World Bank announced that it is raising its 2016 forecast for crude oil prices to \$43 per barrel from \$41 per barrel due to supply outages and robust demand in the second quarter. This came as a result of leap in energy prices to almost 30 percent in the second quarter of 2016. Oil prices averaged \$47.70/bbl in June, 37 percent above their first quarter average. According to Senior Economist and lead author of the Commodities Markets Outlook at the World Bank, slightly higher oil prices is expected



for the second half of 2016 as oil market oversupply diminishes. He continued by stating that inventories remain very large and will take some time to be drawn down.”

The US Energy Information Administration (EIA) expects global oil inventory builds to average 0.6 million b/d in the second half of 2016, limiting upward price pressures in the coming months. The EIA forecasted the Brent prices to average at \$48b during the second half of 2016, which is relatively the same compared to current levels. However, daily and even monthly price discrepancy could be significant as economic and geopolitical events affect market participants' expectations of oil market balances.

### Natural Gas

For the month ending July 2016, natural gas price increased relative June. The price for natural gas ended at **US\$2.79** per million metric. This reflected an increase of **US\$0.22** or **8.56%** from **US\$2.57** in June. In July 2015, natural gas per million metric was valued

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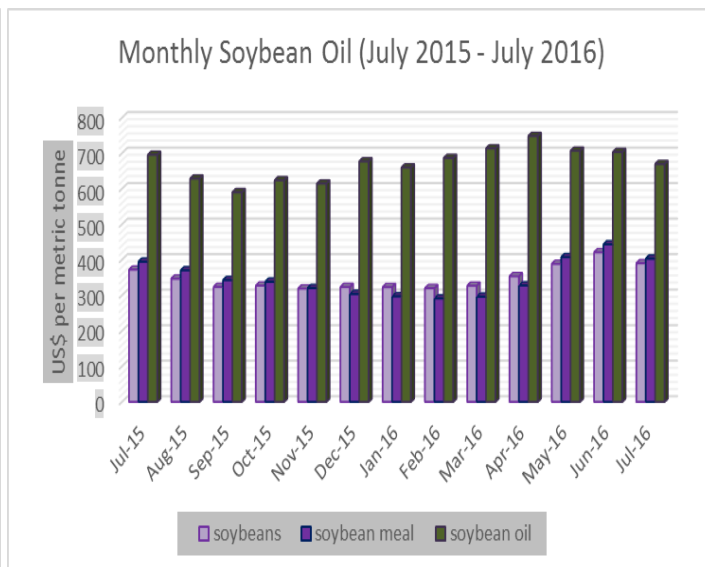
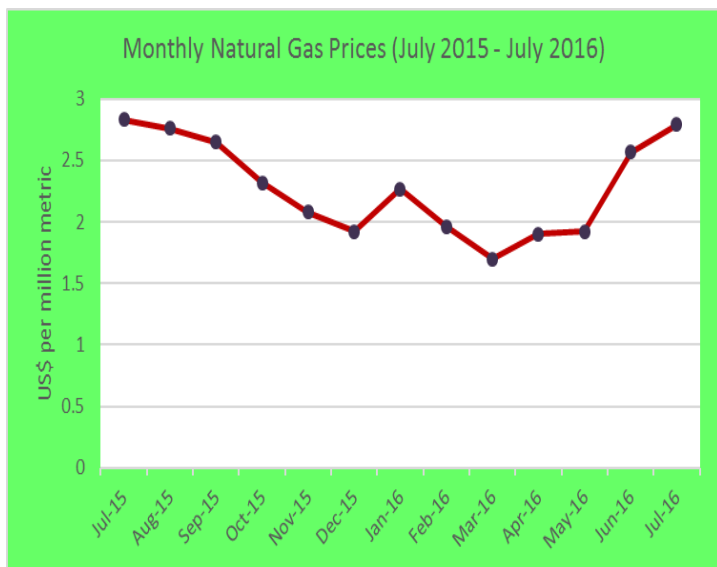
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## International Commodity Prices

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at **US\$2.83** signifying that this year's price is **US\$0.04** or **1.413%** lower. Similarly, a two-year comparison revealed that natural gas prices have decreased, this time by **US\$1.22** or **30.42%** per million metric. The five-year average monthly price for natural gas ranging from June 2011 to July 2016 is **US\$3.27** per million metric, hence, this year's July price was **US\$0.48** or **14.68%** below

### Soybean Prices

For the month ending July 2016, soybean price per metric tonne was **US\$390.4**. This represented a **7.32%** or **US\$30.83** decrease from June's value of **US\$421.23** per metric tonne. In July this year, both average price of the soybean meal and soybean oil decreased. Soybean meal ended the month at **US\$403.28** per metric tonne. This represented a decrease of **US\$40.13** or **9.05%**. At the end of July, the price per metric tonne for soybean oil stood at **US\$669.86** representing a **4.80%** or **US\$33.74** decrease compared to the previous month. A one-year

comparison revealed that prices for soybean increased by **4.84%** or **US\$18.05**. This month soybean price was **US\$72.83** or **15.72%** lower than its price two years ago. When compared to the corresponding period last year the soybean meal price was **US\$8.64** or **2.189%** above. However, soybean oil price was below last year's price by **US\$25.93** or **3.72%**. A two-year comparison of prices for soybean meal and soybean oil revealed that they decreased by **10.58%** and **17.69%** respectively. The five-year average monthly price for soybean meal ranging from July 2011 to June 2016 is **US\$424.479** per metric tonne, which means that July's price was **US\$21.199** or **49.94%** lower. The five-year average monthly price for soybean oil ranging from July 2011 to June 2016 is **US\$917.12** per metric tonne, which means that July's price was **US\$247.26** or **26.96%** lower.

### Sugar Prices

At the end of July 2016, the average price of the Free Market Sugar ended at **US\$0.1969** cents per pound.

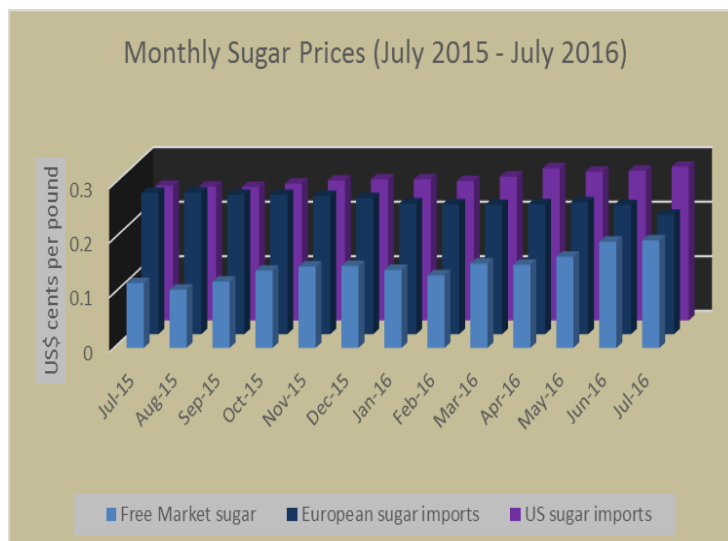


## International Commodity Prices

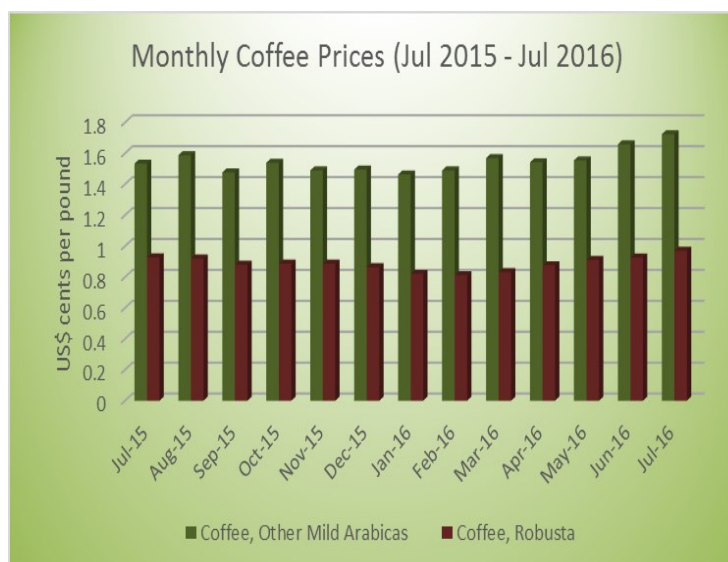
This represented an increase of **US\$0.0025** or **1.29%** when compared to June 2016. For the US Sugar imports, the average price increased from **US\$0.2739** in June to **US\$0.2815** in July. This represented an increase of **US\$0.0076** or **2.77%** cents per pound. At the end of July 2016, the European Sugar imports ended the month at **US\$0.2187** cents per pound. This represented a **US\$0.0177** or **7.49%** decrease compared to the previous month. For the period July 2016 relative to July 2015, the price of Free Market sugar increased by **US\$0.0781** or **65.74%** cents per pound. A one-year comparison revealed that the price of the US Sugar imports has increased by **US\$0.0348** or **14.11%**, while the European sugar imports price has decreased by **US\$0.04** or **15.46%**. In July 2014 the price for the Free Market sugar was **US\$0.1873** cents per pound, which means that this year's July price is **US\$0.0096** or **5.126%** higher. The price of the US sugar imports is **US\$0.02** or **7.64%** higher than the 2014 price while the price of the European Sugar imports is **US\$0.0652** or **22.97%** lower than the 2014 price. The 5-year average of prices ranging from July 2011 to June 2016 for the US imports and the European imports are **US\$0.2646** cents per pound and **US\$0.2607** cents per pound respectively. Hence, the price of US imports is above its long-term average by **6.376%** while the European imports is below its average by **16.10%**.

### Coffee Prices

For the month ending July 2016 the prices for both the Coffee of the Other Mild Arabicas category and



Robusta coffee increased. The price per pound for coffee of the Other Mild Arabicas category was **US\$1.7235** cents per pound representing an increase of **US\$1.7235** or **3.92%**. A one-year comparison revealed that this month's price was **US\$0.1906** or **12.43%** higher than last year's July price. Robusta Coffee ended the month at **US\$0.9698** cents per pound. This month's price is above the previous month's price by **US\$0.0437** or **4.72%**. A one-year comparison revealed that the price of coffee in the Robusta category has increased by **US\$0.0427** or **4.606%**. A two-year comparison revealed that prices have fallen by **13.21%**



## International Commodity Prices

for coffee of the 'Other Mild Arabica's category and by **9.559%** for coffee in the Robusta category. The five-year average monthly prices ranging from July 2011 to June 2016 for Arabica and Robusta are **US\$1.7985** and **US\$1.0213** respectively. This implies that this year's July price for the Arabica was **4.17%** lower than the average price and for the Robusta coffee it was **5.05%** lower than its average price.

## Cocoa Bean Prices

For the month ending July 2016, cocoa bean prices ended its four months increase. This time prices decreased by **US\$72.54** per metric tonne or **2.32%** to close at **US\$3,049.98** per metric tonne. A one-year comparison revealed that this year's price is lower by **US\$275.98** or **8.29%**. A two-year price comparison showed that the July 2016 price for cocoa beans is lower by **US\$146.06** or **4.57%** than its price in July 2014. The five-year average of monthly prices ranging from July 2011 to June 2016 for cocoa bean is **US\$2,782.07** per metric tonne, this means that this



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## International Commodity Prices

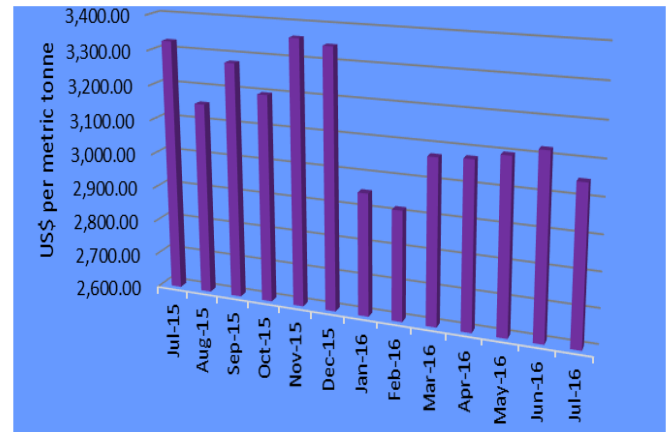
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year's July price was **US\$267.91** or **9.63%** higher.

### Orange Prices

For the month ending July 2016, orange price increased for the fourth month in a row. This time prices increased to **US\$967.76** per metric tonne. The month's price increased by **10.54%** or **US\$92.31** per metric tonne, relative to June. When compared to the same period in 2015, this year's price was **US\$327.65** or **51.19%** higher. A two-year comparison revealed that prices have risen by **US\$184.72** or **24%**. The five-year average monthly price ranging from July 2011 to June 2016 is **US\$825.23**, indicating that this month's price was **US\$142.53** or **17%** lower.

Monthly Cocoa Beans Prices (Jul 2015 - Jul 2016)



### Banana Prices

Banana prices for the month ending July 2016 increased to **US\$1,004.67** per metric tonne. This

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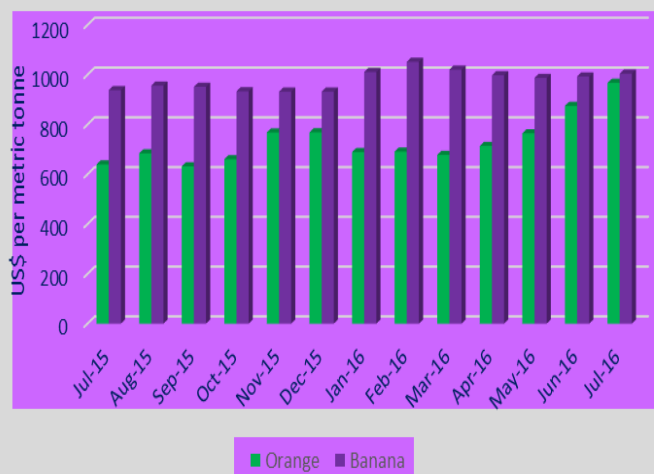
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## International Commodity Prices

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represented an increase of **US\$11.45** or **1.15%** relative to the previous month. For July 2016 relative to July 2015, banana prices increased by **US\$66.34** or **7.07%** per metric tonne. A two-year comparison revealed that this year's price is above the July 2014 price of **US\$930.82** per metric tonne by **US\$73.85** or **7.93%**. The five-year average monthly prices ranging from July 2011 to June 2016 is **US\$956.84**, this means that this year's price was **US\$47.83** or **4.99%** above.

Monthly Orange and Banana Prices (July 2015 - July 2016)



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### Corn Prices

For the month ending July 2016, corn prices decreased. Prices decreased by **US\$18.11** or **10.07%** relative to June, to close the month at **US\$161.76** per metric tonne. This is the largest percentage decrease since October 2013. Between July 2015 and July 2016 prices decreased by **US\$17.84** or **9.93%**. A two-year price comparison showed that this year's price was **US\$20.47** or **11.23%** lower. The five-year monthly average for corn prices ranging from June 2011 to July 2016 is **US\$229.14** per metric tonne, this means that this year's price was **US\$67.3765** or **29.40%** lower.

### Wheat

In July 2016, wheat prices continued its four months decrease. This time prices decreased by **US\$23.03** or **14.70%** relative to June 2016 to end at **US\$133.62** per metric tonne. This is the largest percentage decrease since February 2014. Relative to July 2015, prices

## International Commodity Prices

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have fallen by **US\$65.58** or **32.92%** per metric tonne. A two-year comparison of wheat prices showed that this year's July price was **US\$104.91** or **43.98%** below the July 2014's price. The average five-year monthly prices ranging from July 2011 to June 2016 is **US\$256.57** per metric tonne, meaning that this year's July price was **US\$122.952** or **47.92%** below.

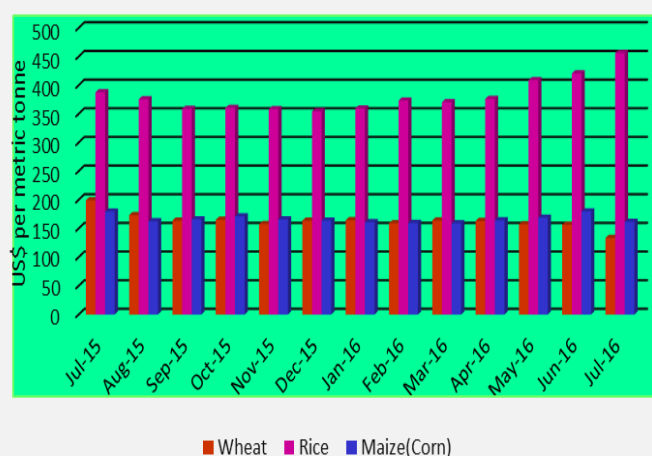
### Rice

For the month ending July 2016 the price of the 5 percent broken milled white rice ended at **US\$456.24** per metric tonne. This value was **US\$35.56** or **8.45%** above the **US\$420.68** in June this year. In addition, this month's price is above the July 2015 price by **US\$68.5** or **17.67%**. A two-year comparison revealed that the commodity's price was **US\$28.24** or **6.598%** higher than its price in 2014. The five-year monthly price average for rice prices ranging from July 2011 to June 2016 is **US\$478.45** per metric tonne, indicating that July price was **US\$22.21** or **4.64%** below the long term average.

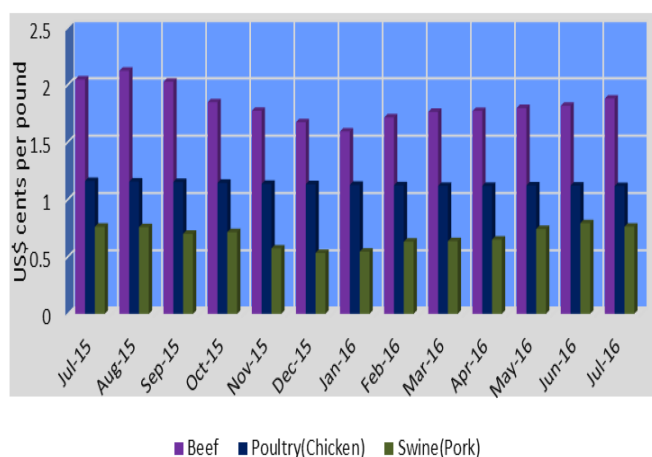
### Beef Prices

In July 2016, the average price for beef increased for the sixth month in a row. Prices increased by **US\$0.0629** or **3.47%** when compared to June, to close at **US\$1.8774** cents per pound. When compared to July 2015, prices have fallen by **US\$0.1667** or **8.155%** cents per pound. In July

Monthly Cereal Price (July 2015 - July 2016)



Monthly Meat Prices (July 2015 - July 2016)



2014 prices were **US\$2.275** cents per pound hence this year's price was **US\$0.3976** or **17.48%** below the 2014 price. The five-year average for prices ranging from July 2011 to June 2016 is **US\$1.947** cents per pound indicating that this month's price was **US\$0.0698** or **3.583%** below.

### Swine (Pork) Prices

For the month ending July 2016 the price of pork ended its six months increase. The price of pork was

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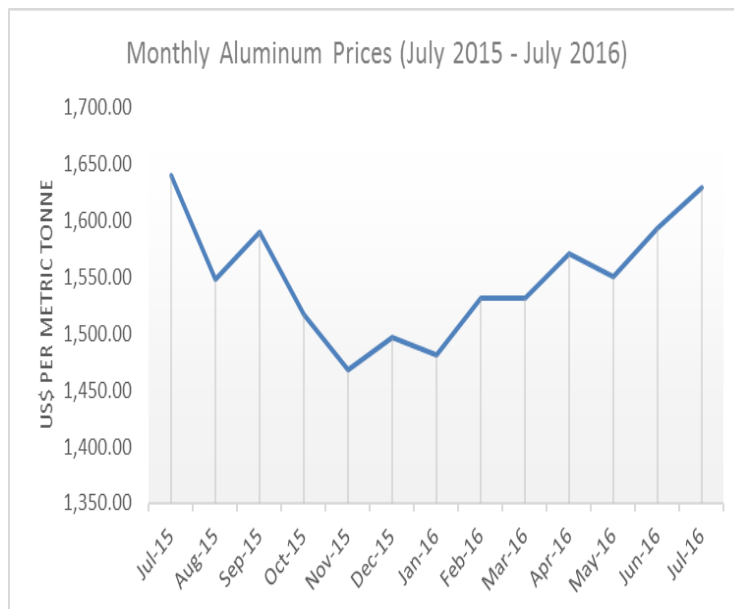
US\$0.7601 cents per pound. This represented a US\$0.0304 or 3.85% decrease from June's price of US\$0.7905. When compared with July 2015, prices increased by US\$0.0006 or 0.079%. Prices are below the price level 2-years ago by US\$0.5266 or 40.93%. It is also below the 5-year average of US\$0.8383 for prices ranging from July 2011 to June 2016 by US\$0.0782 or 9.33%.

### Poultry Prices

Chicken prices decrease for the month ending July 2016. At the end of the month chicken was valued at US\$1.1146 cents per pound, representing a decrease of US\$0.0038 or 0.34% from June. The price in July 2016 was approximately US\$0.0444 or 3.83% lower than the July 2015 price. In July 2014, the price for poultry was US\$1.126 cents per pound, indicating that this year's price was US\$0.0114 or 1.012% lower. The average monthly price ranging from July 2011 to June 2016 is US\$1.047 cents per pound, this means that this year's price was US\$0.068 or 6.50% more.

### Aluminum Prices

The price of aluminum increased in July relative to June this year. Prices increased by US\$35.54 or 2.23% to end the month at US\$1,629.05 per metric tonne. For July 2016 relative to July 2015, prices decreased by US\$10.45 or 0.6374% per metric tonne. A two-year comparison revealed that this year's price was US\$319.25 or 16% below the price for the corresponding period in 2014. The five-year average for monthly prices ranging from July 2011 to June 2016 for aluminum is US\$1,859.38 per metric tonne, this means that this year's July price



was US\$230.33 or 12.39% lower.

### Impact of global prices on Jamaica

There were price reductions observed in 53.38% (11) of the commodities monitored for July 2016. The price of crude oil index Brent decreased in July 2016 as well as the WTI. The Brent moved down by 7.03% and the WTI increased by 7.92%. Natural gas increased by 8.56%. The IMF's Fuel Energy index decreased by 5.01%, and the Food and Beverage Index decreased by 2.1%. The all commodity price index increased by 2.43%.

The Food and Agriculture Organization of the United Nations (FAO) Food Price Index averaged 161.9 points in July 2016, 1.3 points (0.8%) below June and 1.4 percent below the corresponding month last year. The modest decline in July that followed five consecutive monthly increases was largely caused by drops in international quotations of grains and vegetable oils, more than offsetting firmer dairy, meat and sugar prices. The FAO Cereal Price Index averaged 148.1 points in July, down 8.8 points (5.6%) from June and 11 percent below the July 2015 level. Among the major

cereals, maize values dropped sharply as weather conditions in the key growing regions of the United States proved more favourable than was predicted. Wheat prices also fell in July mainly on very large world supplies. By contrast, rice prices strengthened somewhat, as dwindling availabilities underpinned Basmati and long-grain quotations. The FAO Meat Price Index averaged 159.9 points in July, 2.0 points (1.3%) higher than its revised June value. Notable developments include a shortage of pigs for slaughter and lighter slaughter weights in the EU. The FAO Sugar Price Index averaged 278.7 points in July, up 2.7 points (1.0%) from June. International sugar prices were largely influenced by movements in the Brazilian currency, which strengthened against the United States dollar. In the World Bank's Commodity Markets Outlook Quarterly Report, it was stated that all main commodity price indexes are expected to decline in 2016 due to large supplies and, in the case of industrial commodities, weak growth prospects in emerging market and developing economies.

Commodity	Unit	June Price	July Price	Monthly Change %
<b>Aluminum</b>	Metric tonne	1593.51	1629.05	2.23
<b>Bananas</b>	Metric tonne	993.22	1004.67	1.15
<b>Beef</b>	Pound	1.8145	1.8774	3.47
<b>Cocoa Beans</b>	Metric tonne	3122.52	3049.98	-2.32
<b>Coffee-Arabicas</b>	Pound	1.6585	1.7235	3.92
<b>Coffee-Robusta</b>	Pound	0.9261	0.9696	4.72
<b>Com-Maize</b>	Metric tonne	179.87	161.76	-10.07
<b>Natural gas</b>	MMBTU	2.57	2.79	8.56
<b>Crude Brent</b>	Barrel	48.48	45.07	-7.03
<b>Crude West Texas Intermediate</b>	Barrel	48.75	44.89	-7.92
<b>Oranges</b>	Metric tonne	875.45	967.76	10.57
<b>Pork (Swine)</b>	Pound	0.7895	0.7601	-3.85
<b>Poultry</b>	Pound	1.1184	1.1146	-0.34
<b>Rice</b>	Metric tonne	417.59	456.24	8.45
<b>Soybean</b>	Metric tonne	421.23	390.4	-7.32
<b>Soybean meal</b>	Metric tonne	443.41	403.28	-9.05
<b>Soybean oil</b>	Metric tonne	703.6	669.86	-4.8
<b>Sugar (free market)</b>	Pound	0.1944	0.1969	1.29
<b>Sugar US ( Import)</b>	Pound	0.2739	0.2815	2.77
<b>Sugar European (Import)</b>	Pound	0.2364	0.2187	-7.49
<b>Wheat</b>	Metric tonne	156.65	133.62	-14.7







## Monthly Inflation Rate and Treasury Bill Rates

### Monthly Inflation Rate

Inflation, measured by the All Jamaica “All Divisions” Consumer Price Index (CPI) increased by **0.5%** for the period July 2016 over June 2016. The increase in the rate for July brought inflation for the calendar year to date to **-0.1%**. The increase in the rate for June 2016 over May 2016 brought inflation for fiscal year to June to **1.2%**. The 12-month point to point rate at the end of July 2016 was **2.1%**.

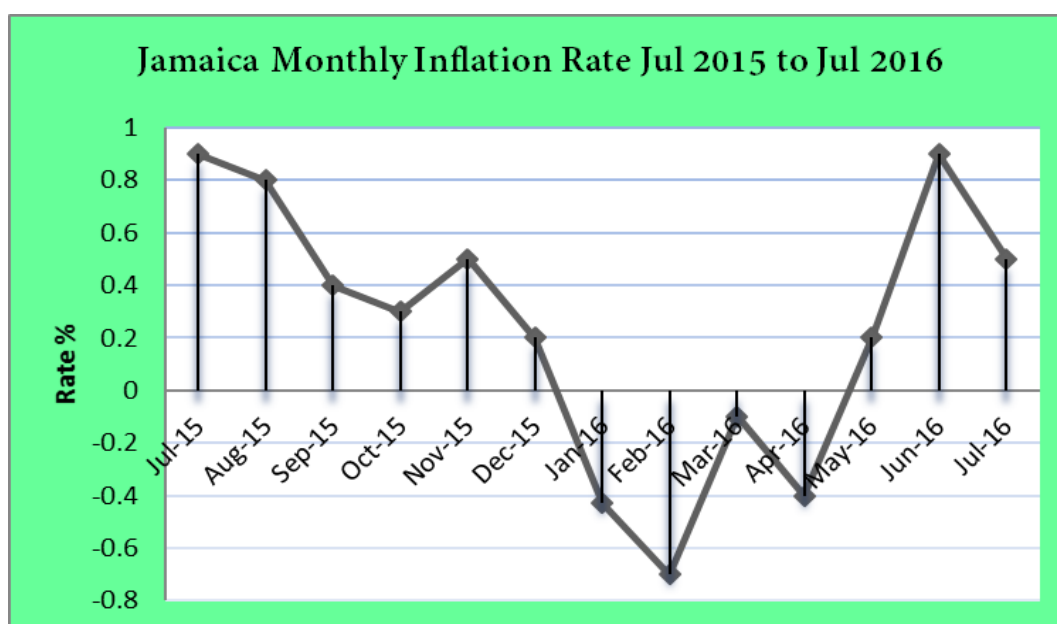
According to the Statistical Institute of Jamaica, the outturn for the month was largely influenced by an increase of 2.7% in the division Housing, Water, Electricity, Gas and Other Fuels. Electricity, Gas and Other Fuels increased by 4.6%, Water Supply and Miscellaneous Services Related to Dwelling increased by 2.8% and ‘Food and Non-Alcoholic Beverages increased by 0.3%. Minor increases were seen in the division of Alcoholic Beverages and Tobacco of 0.3%, Clothing and Footwear of 0.1%, Health of 0.2%, Transport of 0.1%, Recreation and

Culture of 0.2% and Miscellaneous Goods and Services of 0.2%.

Inflation in all the three regional areas increased for the month of June 2016 relative to May 2016. Inflation for the Greater Kingston Metropolitan area (GKMA), Other Urban Centers (OUC) and Rural Areas all increased by 0.5%.

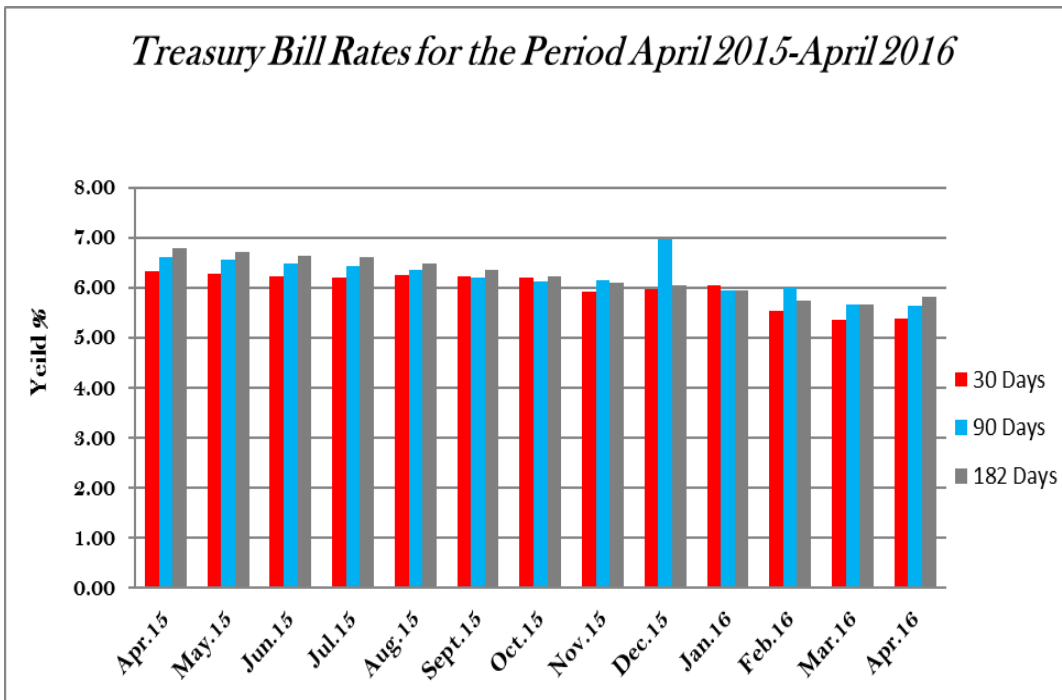
### Treasury Bill Rate

For the month of April 2016 relative to the previous month, yields on the Government of Jamaica 30-day and 182-day treasury bills increased by **1bps** and **16bps** respectively. However, yields on 90-day treasury bills decreased by **2bps**. For the period April 2016 in comparison to April 2015, yields on GOJ treasury bills recorded a decreases of **97bps**, **96bps** and **97bps** for the 30-day, 90-day and 182-day treasury bills respectively. Similarly, a two-year comparison showed decreases in the rate of **289bps**, **338bps**, and



## Monthly Inflation Rate and Treasury Bill Rates

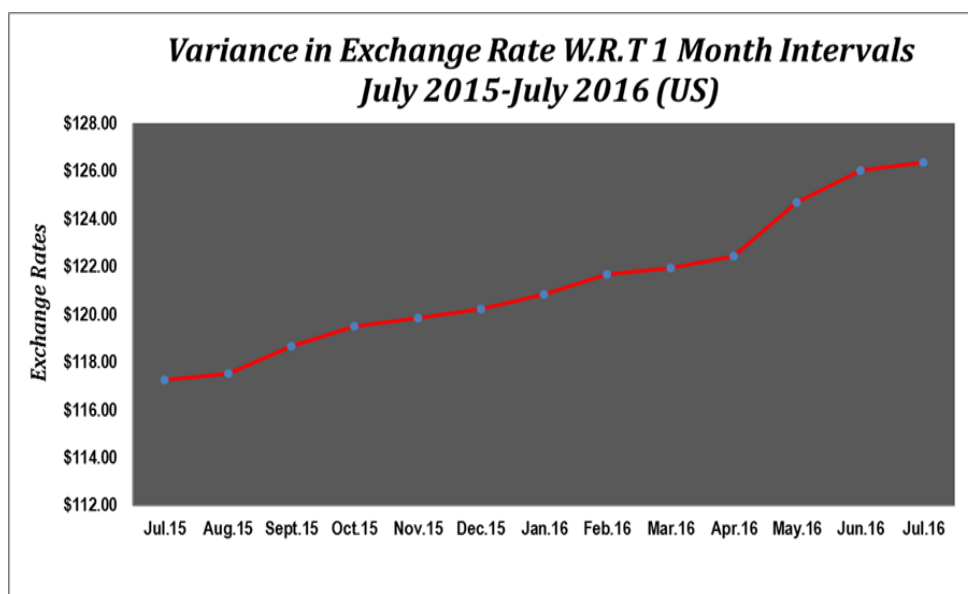
239bps on the yields of the 30-day, 90-day, and 182-day.



## Monthly Exchange Rates Update

### JMD:USD

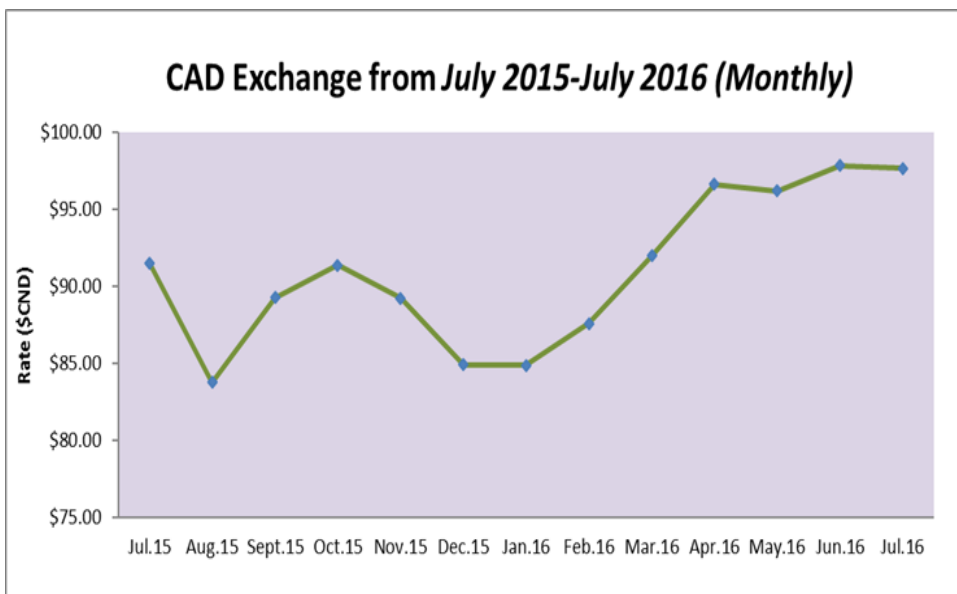
In an analysis of the exchange rates over the period June 2016 to July 2016, the monthly average value of the Jamaican dollar depreciated by **\$0.37 or 0.294%** relative to the US dollar. As a result, the exchange rate progressed to settle at **US\$1.00=J\$126.38**. A one-year comparison revealed depreciation in the currency ratio of **J\$9.1**, resulting in an overall increase in the value of the \$US by **7.759%**. The month's exchange rate was further compared with the rate of the same month recorded previously in 2014, the comparison showed that there was an increase in the value of the \$US by **\$J13.72** (percentage increase of **12.17**).



### JMD:CAD

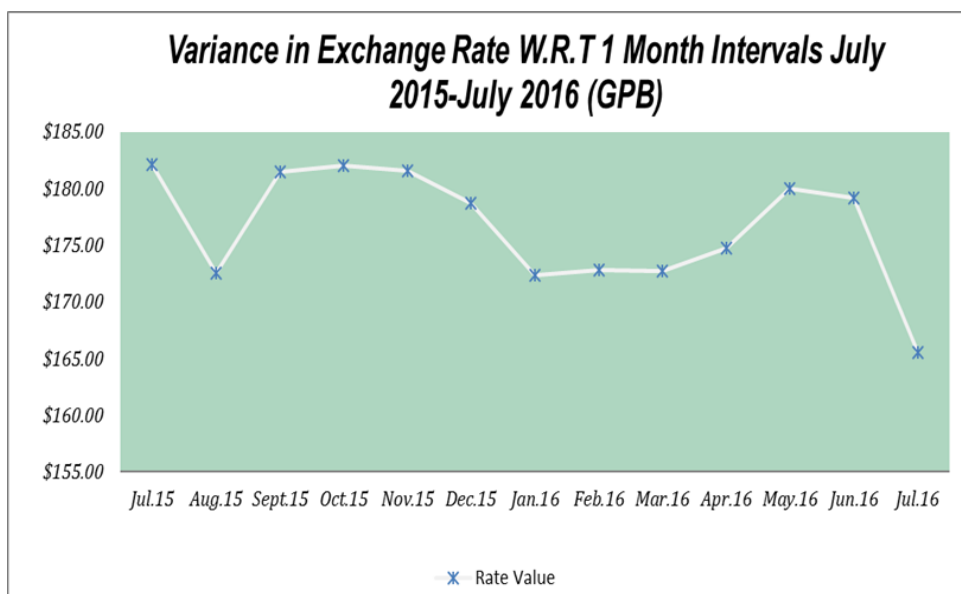
In relation to the exchange rate recorded for the month of July 2016, calculations accentuated the fact that the Jamaican dollar appreciated by **0.1738% (\$J0.17)** relative to the previous month, June to end at **J\$97.65=CAD\$1.00**. The exchange rate of July 2016 was further set side by side with the rate 1 year earlier (July 2015) which revealed that the value of the Jamaican dollar slid by **\$J6.17 or 6.744%**. Furthermore, calculations comparing the exchange rate values for July 2016 and July 2014 made clear overall appreciation of the dollar over the 2 year period. This conclusion was made as a result of the difference in the value of the dollar of **\$J7.9** (depreciation of **7.485%**).

## Monthly Exchange Rates Update



### JMD:GBP

The exchange rate's monthly variance of **J\$13.61** was seen to exist within the boundaries of June 2016 and July 2016, this indicates that the Jamaican dollar appreciated by some **7.60%**. The exchange rate was then **GBP1.00=J\$165.52** in comparison to the previous **GBP1.00=J\$179.13**. The annual comparison of the exchange rates for the months July 2015 and July 2016 revealed that the Jamaican dollar depreciated in such a way that there was a decrease in the price of the \$GBP equal to **J\$16.56 (9.095%)**. Further investigation of the exchange rate extending to July 2014 showed that the cost of the Pound decreased by **\$J26.88** or **13.97%**.



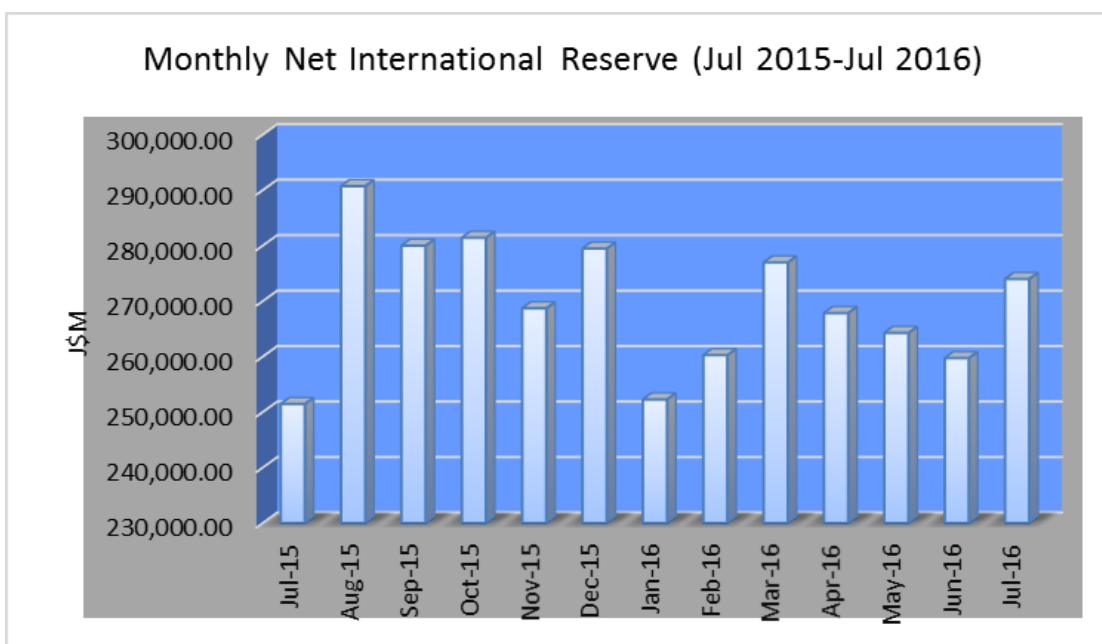
## Net International Reserves & Money Base

July 2016 Issue

### Net International Reserves

Data for the month ending July 2016 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was **J\$273.98 billion (US\$2,389.49 million)**. This reflected an increase of **J\$14.259 billion (US\$124.37 million)** relative to June 2016. The change in the NIR for the month was due to an increase in foreign assets, aided by a decrease in foreign liabilities. Under the category of foreign asset, all three sources increased. Currency and Deposits increased by **US\$106.35 million**, Securities increased **US\$6.16 million** and SDR &

IMF Reserve Position increased by **US\$9.78 million**, to end the month with a total foreign asset of **US\$2,942.19 million**. This represented a total increase of **US\$122.29 million**. Under foreign liabilities, IMF expenditures decreased while Other expenses remained unchanged; Payments to IMF decreased by **US\$2.08 million** which was the total decrease in foreign liabilities. Foreign liabilities at the end of July 2016 was **US\$552.70 million**. At the end of July, the gross reserves were sufficient to finance **34.07 weeks** of goods imports which represented **22.07 weeks** over the international benchmark of **12 weeks** of goods imports.

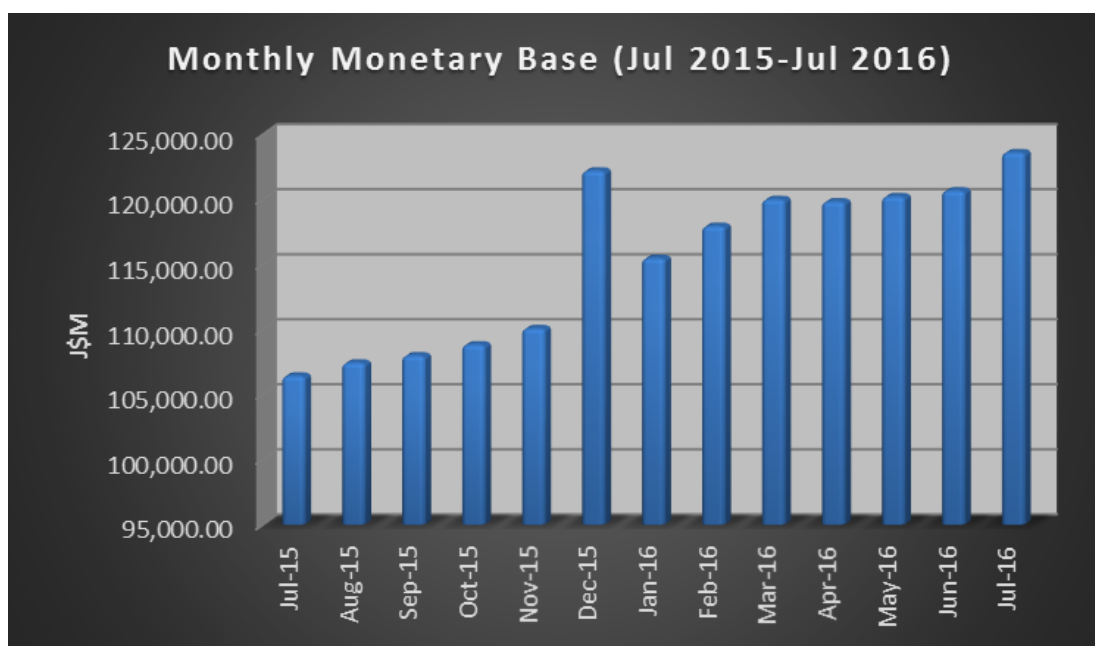


## Net International Reserves & Money Base

July 2016 Issue

### Monetary Base

The monetary base increased by **J\$2.934** billion to **J\$123.616** billion for July 2016 relative to June this year. The change in the base reflected increases in the Commercial Banks' Statutory Reserves, the Commercial Banks' Current Account, and the Net Currency Issue. Commercial Banks' Statutory Reserves increased by **J\$0.248** billion to end at **J\$40.614** billion and the Commercial Banks' Current Account increased by **J\$0.609** billion to a total of **J\$1.188** billion. The largest increase was seen in the Net Currency Issue with an increase of **J\$2.076** billion to a total of **J\$81.813** billion.





## Remittance Inflow Update

July 2016 Issue

At the end of March 2016, gross remittance inflows were **US\$196.9 million**. This represented an increase of **9.33%** or **US\$16.8 million** relative to the **US\$180.1 million** recorded February. When compared to the corresponding month of the previous year gross remittance increased by **US\$2.8 million** or **1.5%**. For March 2016, net remittances were **US\$177.0 million** reflecting an increase of **US\$15.9 million** or **9.87%** relative to February this year. When compared to the corresponding period of 2015, net remittances increased by **US\$2.6 million** or **1.5%**. Total net remittances for January to March this year were **US\$476.1 million**, which represented a growth of **US\$5.2 million** or **1.1%** relative to the corresponding period of 2015. Total remittance inflows for the first quarter of 2016 was **US\$537.3 million**, representing an increase of

**US\$9.2 million** or **1.7%** relative to the previous year. These inflows were above the average of **US\$504.1 million** for the previous five corresponding periods and above the corresponding pre-crisis outturn for 2008. The increase in total remittance inflows reflected an increase of **US\$10.0 million** or **2.2%** inflows through remittance companies and a decrease of **US\$0.9 million** or **1.1%** in Other Remittances.

For the fiscal year 2015/16 to March, total remittance inflows increased by **\$64.9 million** or **3.0%** to **US\$2 235.2 million** relative to the corresponding period of last year. Net remittances inflows also increased for the fiscal year 2015/16 to March relative to last year. Net remittance inflow rose by **US\$60.4 million** or **3.1%** to **US\$1 998.4 million** relative to the corresponding period of the last fiscal year.

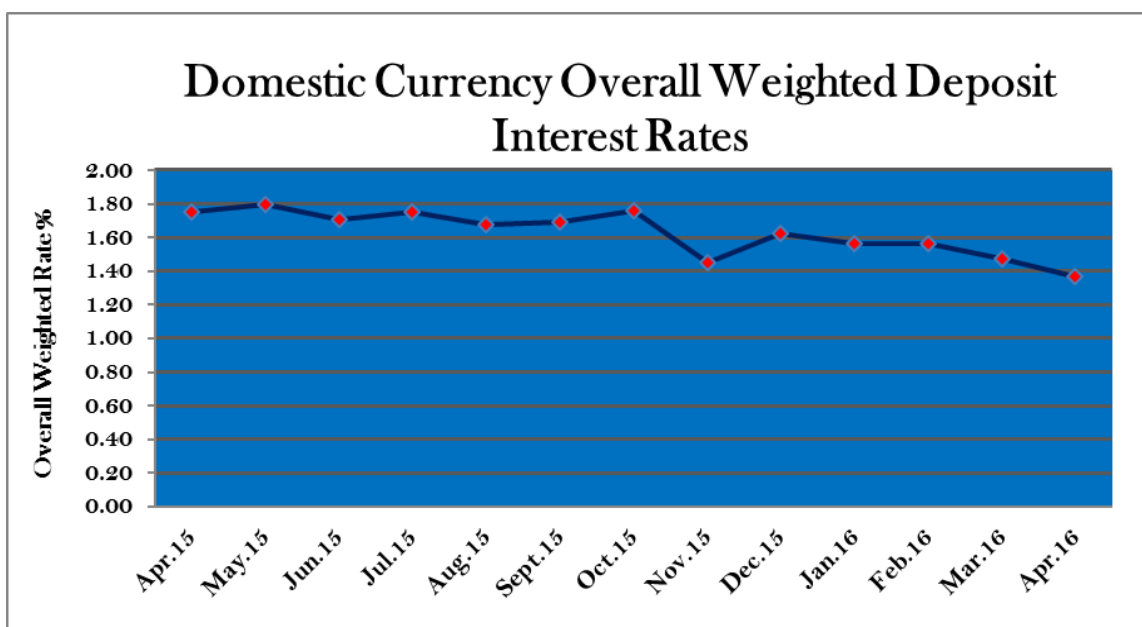
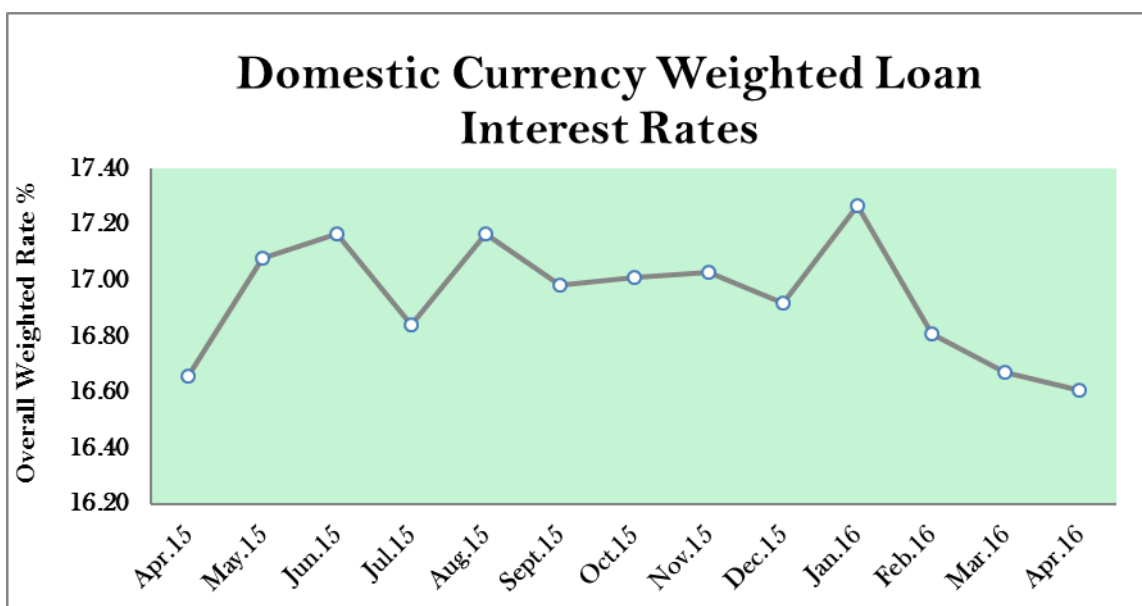
JAMAICA'S REMITTANCES				
(US\$MN)				
	2015 March	2016 March	Change	% Change
Total Remittance Inflows	194	196.9	2.8	1.5
Remittance Companies	166.4	171.9	5.6	3.3
Other Remittances	27.7	25	-2.7	-9.8
Total Remittance Outflows	19.6	19.8	0.2	1.1
Net Remittances	174.4	177	2.6	1.5

## Interest Rates

July 2016 Issue

The overall weighted average lending rate on domestic currency loans decreased for April relative to March this year. The lending rate has been decreasing since the start of 2016. The weighted average lending rate on domestic currency loans decreased by **6bps** to end the month at **16.61%** relative to the previous month. This occurred in the context of decreases in the rates of four of the six loan types. These were, decreases in Central Government of **544bps**, in Instalment Credit of **16bps**, in Mortgage Credit of **4bps** and in Personal Credit of **1bps**. The impact of these decreases was partially offset by increases in Local Government & Other Public Entities and Commercial Credit of **16bps** and **7bps** respectively.

Meanwhile, the weighted average domestic interest rates on deposits for the month ending was **1.37%**. This represented a decrease of **10bps** relative to March.

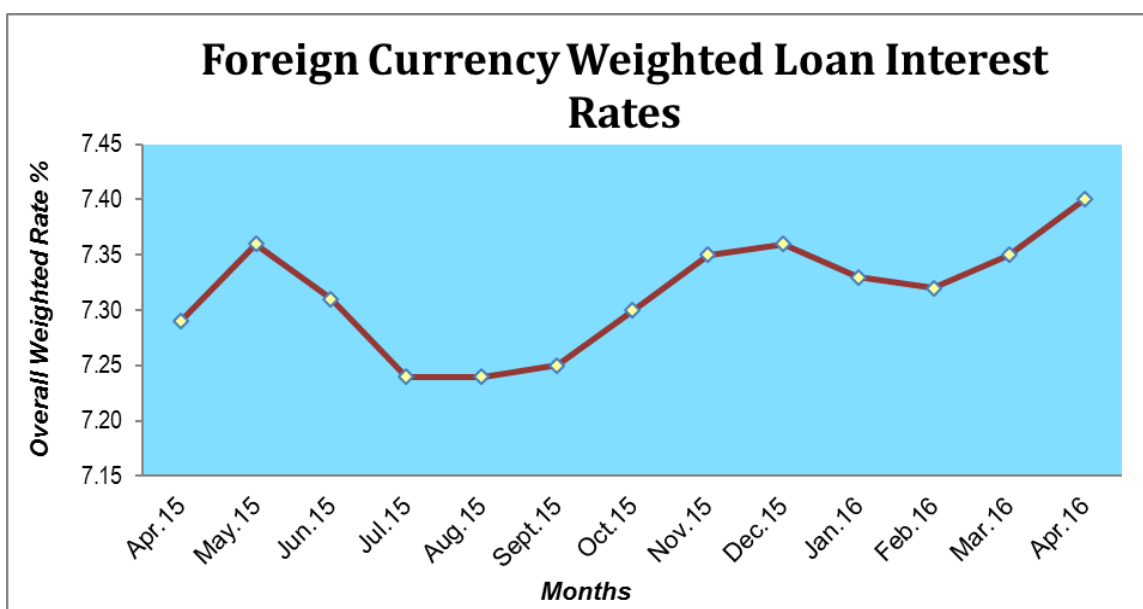
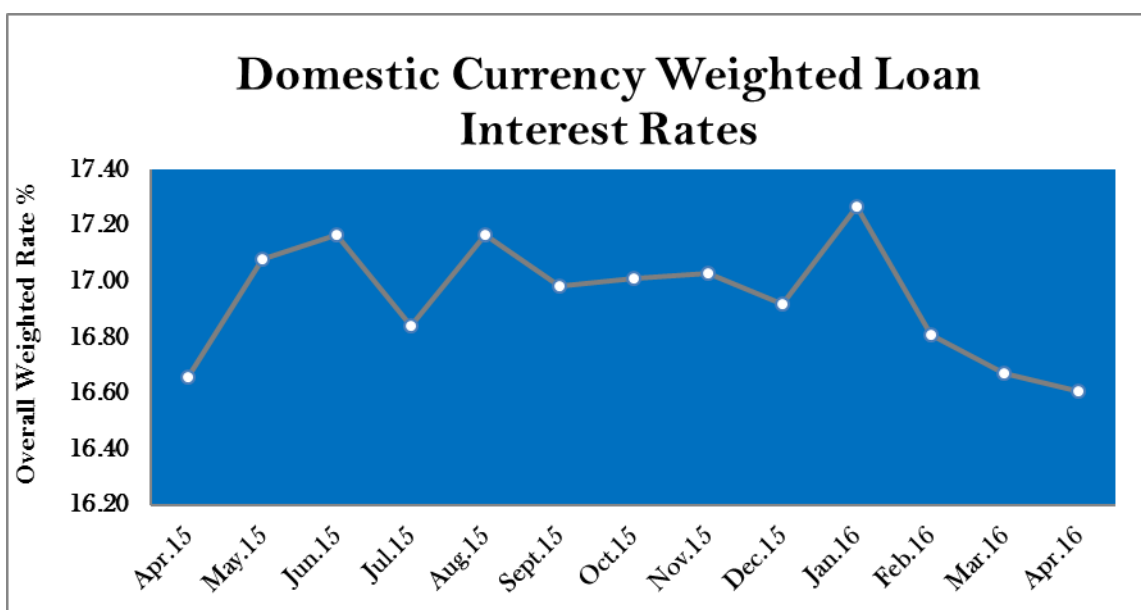


## Interest Rates

July 2016 Issue

For April this year foreign currency loans rate increased relative to March 2016. In this regard, the foreign currency loan rate increased by **5bps** to **7.40%**. Of the loan types; two increased, two decreased while one remain the same. Increases occurred in Personal Credit of **10bps** and Local Government & Other Public Entities of **15bps**. Decreases were recorded in Instalment Credit and Mortgage Credit by **2bps** and **1bps** respectively. While Commercial Credit remained the same .

Meanwhile the interest rates on foreign currency deposits remained the same for April relative to March this year at **1.66%**.



## Tourism

July 2016 Issue

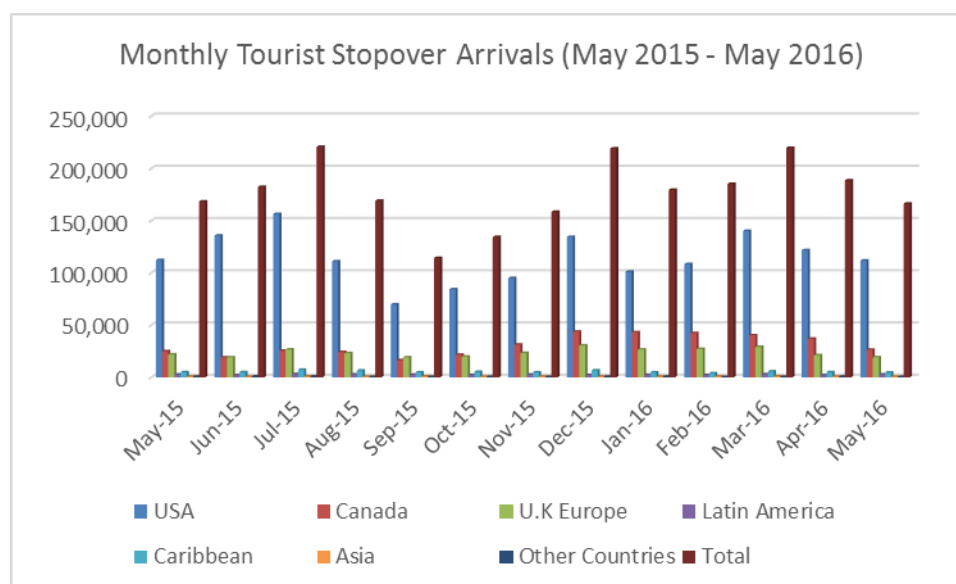
Stopover tourist arrivals for May 2016 were **167,884**. This month's total was **20,720** or **10.99%** lower than the **188,604** in April this year. May's total represents a decline of **0.3%** compared to the **168,347** recorded in May last year. In 2014 total stopovers for the corresponding period was **166,249**, hence this year's May total was **1,635** or **0.97%** less. For the January to May period, arrivals increased by **1.7%**, with **940,992** stopovers compared to **924,810** in 2015.

For May 2016, the changes reflected in the total stopovers observed for the seven categories of destination varied. Out of the seven categories, four recorded increase in numbers while three recorded decreases when compared to May 2015. The largest percentage increases were reflected in the stopovers from Other Countries, the United States, and Canada with **1.4%**, **1.0%**, and **1.0%** respectively. Of the Other Countries, once again Australia provided the most stopover arrivals to Jamaica, with 1,196 visitors in 2016 compared to 1,084 in 2015. The other category which reflected

an increase in stopovers was the Caribbean with **0.4%**.

These increases were significantly offset by decreases in arrivals from Latin America, Asia, and the Europe. Stopover arrivals decreased by **23.5%**, **21.1%** and **4.2%** for the Latin America, Asia, and the Europe respectively. The market share for stopover visitors for the January to May 2016 was as follows: The USA **62.2%**; Canada **20.0%**; the UK **8.8%**; Continental Europe **4.6%**, the Caribbean **2.6%**; and the others, including Latin America and Asia **1.9%**.

A total of **94,577** cruise passengers visited Jamaica in May 2016. This represented a **37,321** or **28.29%** overall decrease compared to the **131,898** recorded in the previous month. For the corresponding period in 2015 total cruise passengers was **87,707** hence this year's total was **7.8%** more. In April 2014, the total arrivals stood at **76,865**, this means that this year's total was **23.04%** less. The January to May 2016 period saw **665,532** cruise passenger arrivals at the three major ports, an increase of **4.4%** compared to the corresponding period last year.



## Stock Market Update

July 2016 Issue

On the last trading day in July 2016, for the period July 01, 2016 to July 29, 2016, the main JSE index advanced by **104.52 points** or **0.07%** to close at **159,821.96 points**. The JSE Combined Index advanced by **20.65 points** or **0.01%** to close at **170,827.67 points**. The JSE Junior decline by **7.30 points** or **0.33%** to close at **2,200.86 points**. In contrast, once again, the JSE Cross Listed Index remained firm and closed the month at **499.06 points**.

Overall, the market activity for July resulted from trading in thirty-four (**34**) stocks of which **16** advanced, **13** declined and **5** traded firm. In total **61,147,647.00 units** of stock were traded during the month, which had a total value of **JS\$912,503,719.17**. This resulted in market capitalization of **JS\$574,905,223,802.00 billion** as at end July 2016.

Jamaica Broilers Group was the volume leader for the month with **18,583,823 units** amounting to **22.76%** of market volume. Second was Cable & Wireless Jamaica Limited, which traded **5,492,890 units** amounting to **8.98%** of the market volume.

Next in line was Jamaica Money Market Brokers Ltd with a total of **5,471,229 units** amounting to **8.95%** of the market volume.

The top four advancing stocks for the month of July were the Pulse Investments Limited (**50.98%**), 1834 Investments Limited (**37.62%**), Kingston Wharves Limited (**10.64%**) and Caribbean Cement Company Limited (**5.79%**). The top four declining stocks were, Barita Investments Limited (**16.99%**), Radio Jamaica Limited (**15.34%**), Mayberry Investments Limited (**13.52%**) and Jamaica Stock Exchange Limited (**10.00%**).

For the calendar year to date, the top four advancing stocks were Palace Amusement (1921) Company Limited (**90.11%**), Jamaica Producers Group Limited (**55.42%**), GraceKennedy Limited (**53.85%**) and Berger Paints (Jamaica) Limited (**41.84%**). Meanwhile, the top four declining stocks for the calendar year to date were Barita Investments Limited (**33.16%**), Mayberry Investments Limited (**29.43%**), Seprod Limited (**17.14%**) and Cable Wireless Jamaica Limited (**16.67%**).

## Previous Highlights: June 2016 Summary

July 2016 Issue

- On the 12th of July the PSOJ and JMMB held the tenth annual PSOJ Economic Forum under the theme Developing Beyond the IMF. There were five presenters, for the forum, which included Professor Densil Williams (Mona School of Business & Management), followed by a panel, which included : Jermaine Burrell (JMMB), Sandra Samuels-Reid (WBO), and Dennis Chung (PSOJ). This was followed by the keynote speaker, German Galvan from McKinsey. Each made suggestions of what is required to grow the Jamaican economy, and maintain a sustainable path of development long after the IMF programme ends at end March 2017.
- On June 21, the IMF released a survey done on Jamaica's performance and economic development under the current IMF program. The survey highlighted that the country has met more than 95% of the program's conditions which has resulted in an improved macroeconomic landscape. The survey identified that Jamaica's reforms are beginning to bear fruit however bolder reforms are needed as growth is still too low. In addition to bolder reforms the IMF also emphasized that fiscal discipline is crucial to restoring economic stability as well as growth-enhancing structural reforms.
 

*The IMF identified the following areas for reformation.*

  1. Increasing access to finance by increasing banking sector competition and reforming financial sector taxation.
  2. Downsizing the public sector through by improving efficiency and reallocating some public functions to the private sector.
  3. Cutting bureaucracy at all levels of government to aid the business climate and to strengthen productivity and competitiveness.
  4. Implementing labor market reforms that strengthen the link between pay and performance and increase labor market dynamism.
  5. Reducing crime and tackling both its economic and broader social ramifications.
- For the period June 2016 relative to May 2016 the monthly average of the US dollar and the Canadian dollar depreciated relative to the Jamaica dollar, while the monthly average of the Great Britain Pound appreciated. At the end of June 2016, the value of the Jamaica Dollar depreciated by J\$1.32 or 1.06% to J\$126.01=US\$1.00. The Canadian dollar depreciated by J\$1.62 or 1.68% to end at CAD\$1.00=J\$97.82. The value of the Pound went down by J\$0.84 or 0.5% to the end at GPB1.00=J\$179.13.
- Inflation, measured by the All Jamaica "All Divisions" Consumer Price Index (CPI) increased by 0.9% for the period June 2016 over May 2016. This was the highest movement since July 2015 when the index moved by a similar 0.9%. The increase in the rate for June brought inflation for the calendar year to date to -0.6%. The increase in the rate for June 2016 over May 2016 brought inflation for fiscal year to June to 0.7%. The 12-month point to point rate at the end of June 2016 was 2.5%.
- Data for the month ending June 2016 revealed that

## Previous Highlights: June 2016 Summary

July 2016 Issue

the stock of Net International Reserves (NIR) at the Bank of Jamaica was J\$259.72 billion (US\$2,265.13 million).

- The monetary base increased by J\$0.444 billion to J\$120.682 billion for June 2016 relative to the previous month, May 2016.
- On the last trading day in June 2016, for the month of June, the main JSE index advanced by 3,155.67 points or 2.02%, to close at 159,717.44 points. The JSE Combined Index also advanced by 3,671.31 points or 2.20% to close at 170,807.02 points, and the JSE Junior advanced by 72.40 points or 3.39% to close at 2,208.16 points. In contrast, once again, the JSE Cross Listed Index remained firm and closed the month at 499.06 points.
- Stopover tourist arrivals for April 2016 were 188,604. For the January to April 2016 period stopover tourist arrivals were 773,108. A total of 131,898 cruise passengers visited Jamaica in April, 2016. The January to April 2016 period saw 745,220 cruise passenger arrivals at the three major ports. This represented an increase of 90,656 passengers or 13.8% compared to the corresponding period last year.
- For March 2016, the overall weighted average lending rate on domestic currency loans decreased to 16.67% from 16.81% relative to the previous month. The weighted average domestic interest rates on deposits for the month's ending was 1.47%. This represented a decrease of 9bps relative to February.
- For March of this year foreign currency loans rate increased relative to February 2016. In this regard, the foreign currency loan rate marginally increased by 3bps to 7.35%. The interest rates on foreign currency deposits decreased for March relative to February this year. In this regard the foreign currency deposits rate fell by 4bps to 1.66%.
- At the end of February 2016 gross remittance inflows were US\$180.1 million and net remittances were US\$161.1 million. Total remittance inflows for January and February this year were US\$340.4 million.
- There were price reductions observed of 19.05% in (4) of the commodities monitored for June 2016. The price of the crude oil index Brent increased in June 2016 as well as the WTI. The Brent moved up by 2.86% and the WTI increased by 4.06%. Natural gas increased by 33.85%. The IMF's Fuel Energy index increased by 4%, and the Food and Beverage Index increased by 4%. The all commodity price index increased by 3%.

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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