



MONTHLY ECONOMIC BULLETIN

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The CEO'S Remarks

As we near the end of the current IMF agreement, it is clear that what has been missing is higher GDP growth. This is because the only way that we can improve the lives of persons generally, and create a really vibrant economy, is if there is sustainable real GDP growth at three percent or more. So far under the agreement we have managed just under one percent, which although a welcome improvement is far from sufficient.

The fiscal and macroeconomic improvements seen thus far has been reflected primarily through a contraction of economic activity, as we have seen with reducing imports, and exports at a lower pace, and also the contraction of fiscal expenditure in relation terms.

This has been noted by the new government, who in response created the Economic Growth Council (EGC) to address the burning issue of growth. The EGC has recognized that the lack of growth is primarily because of the lack of an economy that facilitates growth, which come back to the same factors that have been discussed for years, but have not seemed to take top priority with our governance.

These include citizen security (crime, indiscipline and opportunities), inefficient government bureaucracy, tax reform, and development of human capital. In fact the Global Competitiveness Report, has continuously identified bureaucracy, crime and theft, tax rates, and corruption as the main challenges facing business in Jamaica.

So the factors identified by the EGC are nothing new and it therefore seems that the challenge we have

had is one of implementing solutions to these challenges, which comes down to the will of our governments. The EGC has recognized this and hopefully this time we will once and for all do what is necessary to address these fundamental threats to our social and economic development.

One such significant risk facing our economy at the moment is the matter of the continuous crime challenges in St.James, which threatens our main foreign exchange earnings. The president of the JHTA is quoted as recently stating that even visitors are now becoming concerned. Certainly this is not a problem that we solve in the usual manner, which takes years to resolve, if at all. Our government, with the security forces, must act expeditiously to address this.

Of course one of the challenges that we have had with implementation of solutions to the known problems is one of political will, as the solutions many times run contrary to political objectives. For example there has not been any urgency around effecting Campaign Finance Reform legislation, until the call from the private sector and NIA recently.

So while we welcome the report of the EGC, our hope will lie in constant monitoring through the EGC (such as was done by EPOC) and a champion in government who will ensure that we stop just talking about solutions and start to put them in place.

This champion I submit must be the Prime Minister, who has publicly declared his intention to press for growth through addressing indiscipline and bureaucracy. We must as a country work with and hold PM Holness to the needed implementation.

Economic Highlights August 2016

- At the end of August 2016, the monthly average value of the Jamaica Dollar depreciated against all three currencies. The Dollar depreciated against the US\$ by J\$0.65 or 0.5143% to end at US\$1.00=J\$127.03. The value of the Canadian dollar depreciated by J\$0.29 or 0.297% to end at CAD\$1.00=J\$97.94. The value of the Great Britain pound depreciated by J\$0.52 or 0.3142% to end at GBP1.00=J\$166.04
- Inflation, measured by the All Jamaica “All Divisions” Consumer Price Index (CPI) increased by 0.4% for the period August 2016 over July 2016. The increase in the rate for August brought inflation for the calendar year to date to 0.3%. The increase in the rate for August 2016 over July 2016 brought inflation for fiscal year to August to 1.6%. The 12-month point to point rate at the end of August 2016 was 1.8%.
- Data for the month ending August 2016 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was J\$288.43 billion (US\$ 2,515.52 million).
- The monetary base increased by J\$1.425 billion to J\$125.042 billion for August 2016 relative to July this year.
- On the last trading day in August 2016, for the period August 01, 2016 to August 31, 2016, the main JSE index advanced by 565.61 points or 0.35% to close at 160,387.57 points. The JSE Combined Index advanced by 689.54 points or 0.40% to close at 171,517.21 points. The JSE Junior advanced by 16.07 points or 0.73% to close at 2,216.93 points. In contrast, once again, the JSE Cross Listed Index remained firm and closed the month at 499.06 points.
- For the month of May 2016 relative to the previous month, yields on the Government of Jamaica 30-day, 90-day and 182-day treasury bills increased by 43bps, 26bps and 59bps respectively.
- The overall weighted average lending rate on domestic currency loans decreased for June relative to May this year. The weighted average domestic interest rates on deposits for the month ending was 1.40%. The same as in May this year. For June this year foreign currency loans rate increased relative to May. In this regard, the foreign currency loan rate increased by 1bps to 6.98% from 6.99% in May. The interest rates on foreign currency deposits increased by 1bps from 1.65% to 1.66% in May this year.

Economic Highlights August 2016

- Stopover tourist arrivals for June 2016 were 194,088. For the January to June period, arrivals increased by 2.5%, with 1,135,080 stopovers compared to 1,107,174 in 2015. A total of 110,086 cruise passengers visited Jamaica in May, 2016. The January to June 2016 period saw 949,883 cruise passenger arrivals at the three major ports.
- There were price reductions observed in 66.67% (14) of the commodities monitored for August 2016. The price of Brent increased for the period August relative to July while the price for the WTI decreased. The Brent moved up by 2.29% and the WTI decreased by 0.42%. Natural gas remained the same at US\$2.79 per million metric. The IMF's Fuel Energy index increased by 1.72%, and the Food and Beverage Index decreased by 3.98%.



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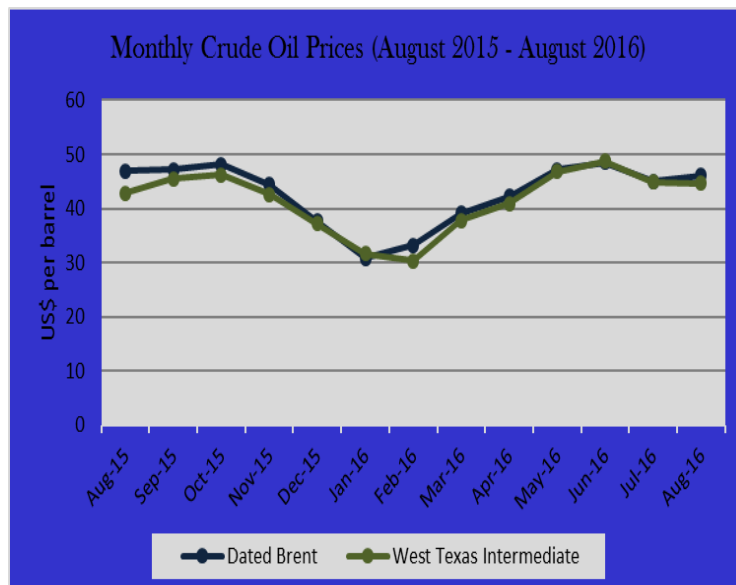
International Commodity Prices

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Crude Oil Prices

For the month ending August 2016, the average price of the Dated Brent increased while the West Texas Intermediate (WTI) decreased. The Brent ended the month of August at **US\$46.1 per bbl**. This represented a **US\$1.03** or **2.29%** increase from the **US\$45.07 per bbl** recorded for the previous month. The West Texas Intermediate (WTI) ended the month at **US\$44.7**. This represented a **US\$0.19** or **0.42%** decrease relative to last month. A one-year comparison of prices revealed that this year's price for the Brent was **1.894%** or **US\$0.89 per bbl** lower. When compared to last year's price, this year's WTI price is **4.293%** or **US\$1.84** higher. When compared to the price level two years ago both the Brent and WTI are **54.77%** and **53.62%** respectively below. The 5-year average of prices ranging from August 2011 to July 2016 for the Dated Brent and the West Texas Intermediate are **US\$88.34 per bbl** and **US\$79.05 per bbl** respectively. This month's price was **48%** below the 5-year average of prices for the Brent and **43.45%** below for the WTI.

According to the US Energy Information Administration (EIA) global oil inventory builds are expected to continue in the near future, averaging 0.6 million b/d in the second half of 2016, but the builds are forecast to remain well below the levels that occurred in 2015 and early 2016. EIA forecasts Brent prices to average \$45/b during the fourth quarter of 2016 and first quarter of 2017, acknowledging that global economic developments and geopolitical events in the coming months have the potential to push oil prices near the



top or bottom of the \$40/b to \$50/b range. Forecast Brent prices average \$58/b in the fourth quarter of 2017, reflecting the potential for more significant inventory draws beyond the forecast period. Average West Texas Intermediate (WTI) crude oil prices are forecast to be \$1/b lower than Brent prices in 2016 and 2017. The slight price discount of WTI to Brent in the forecast is based on the assumption of competition between the two crudes in the U.S. Gulf Coast refinery market.

Natural Gas

For the month ending August 2016, natural gas price remained the same relative to July. The price for natural gas ended at **US\$2.79** per million metric. In August 2015, natural gas per million metric was valued at **US\$2.76** signifying that this year's price is **US\$0.03** or **1.087%** higher. A two-year comparison revealed that natural gas prices have decreased by **US\$1.1** or **28.28%** per million metric. The five-year average monthly price for natural gas ranging from August 2011 to July 2016

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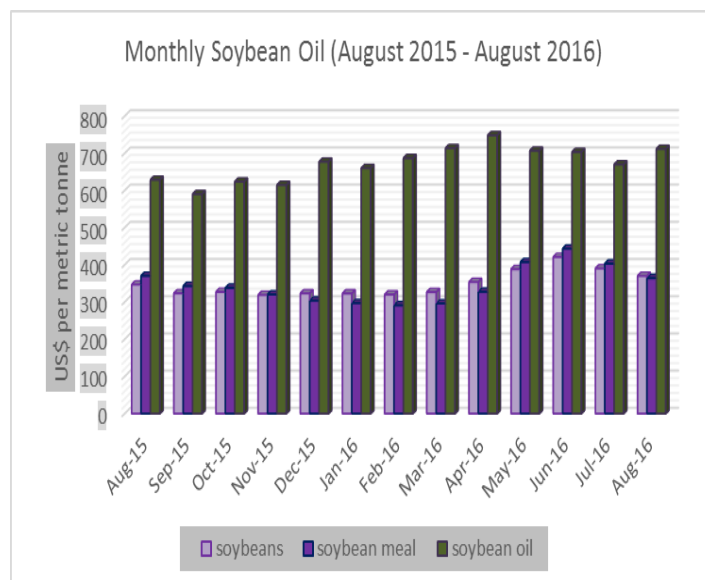
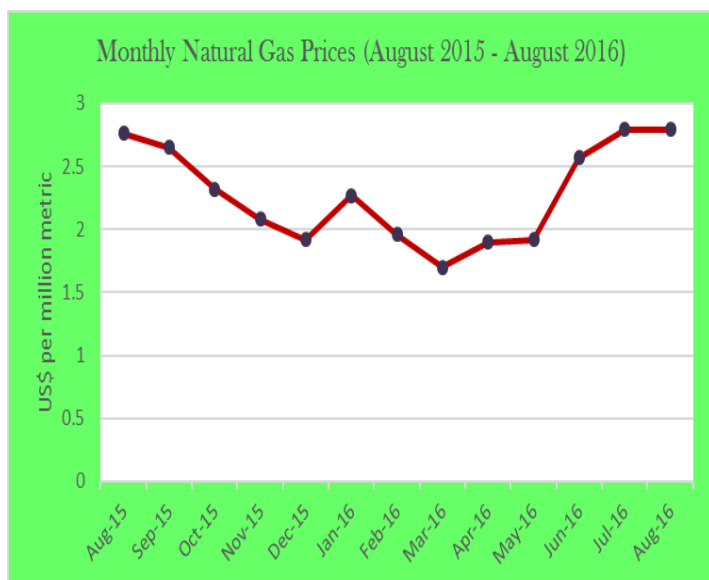
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is **US\$3.24** per million metric, hence, this year's August price was **US\$0.453** or **13.97%** below.

Soybean Prices

For the month ending August 2016, soybean price per metric tonne was **US\$370.3**. This denoted a **5.15%** or **US\$20.1** decrease from July's value of **US\$390.4** per metric tonne. In August this year, the average price of soybean meal decreased while the average price of soybean oil increased, both relative to July prices. Soybean meal ended the month at **US\$364.5** per metric tonne. This represented a decrease of **US\$38.78** or **9.62%**. At the end of August, the price per metric tonne for soybean oil stood at **US\$711.7** representing a **6.25%** or **US\$41.84** increase compared to the previous month. A one-year comparison revealed that prices for soybean increased by **6.708%** or **US\$23.28**. This month soybean price was **US\$62.69** or **14.48%** lower than its price two years ago. When compared to the corresponding period last year the soybean meal price was **US\$5.91** or **1.60%**

below. However, soybean oil price was above last year's price by **US\$82.95** or **13.19%**. A two-year comparison of prices for soybean meal and soybean oil revealed that they decreased by **18.60%** and **4.577%** respectively. The five-year average monthly price for soybean meal ranging from August 2011 to July 2016 is **US\$424.71** per metric tonne, which means that August's price was **US\$60.21** or **14.18%** lower. The five-year average monthly price for soybean oil ranging from August 2011 to July 2016 is **US\$907.58** per metric tonne, which means that August's price was **US\$195.88** or **21.58%** lower.

Sugar Prices

At the end of August 2016, the average price of the Free Market Sugar ended at **US\$0.2** cents per pound. This represented an increase of **US\$0.0031** or **1.57%** when compared to July 2016. For the US Sugar imports, the average price increased from **US\$0.2815** in July to **US\$0.285** in August. This represented an increase of **US\$0.0035** or **1.24%** cents per pound. At

International Commodity Prices

the end of August 2016, the European Sugar imports ended the month at **US\$0.218** cents per pound. This represented a **US\$0.0007** or **0.32%** decrease compared to the previous month. For the period August 2016 relative to August 2015, the price of Free Market sugar increased by **US\$0.0933** or **87.44%** cents per pound. A one-year comparison revealed that the price of the US Sugar imports has increased by **US\$0.1632** or **0.04%**, while the European sugar imports price has decreased by **US\$0.0415** or **16.0%**. In August 2014 the price for the Free Market sugar was **US\$0.1772** cents per pound, which means that this year's August price is **US\$0.0228** or **12.87%** higher. The price of the US sugar imports is **US\$0.0193** or **7.263%** higher than the 2014 price while the price of the European Sugar imports is **US\$0.0597** or **21.50%** lower than the 2014 price. The 5-year average of prices ranging from August 2011 to July 2016 for the US imports and the European imports are **US\$0.2630** cents per pound and **US\$0.2598** cents per pound respectively. Hence, the price of US imports is above its long-term average by **8.364%** while the European imports is below its average by **16.11%**.

Coffee Prices

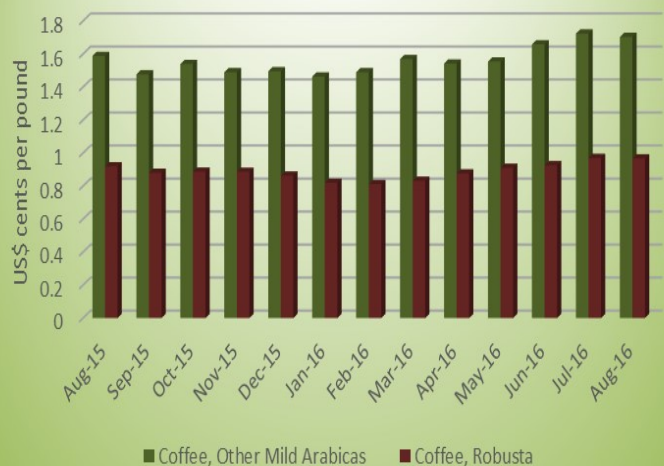
For the month ending August 2016 the prices for both the coffee of the Other Mild Arabicas category and Robusta coffee decreased. The price per pound for coffee of the Other Mild Arabicas category was **US\$1.703** cents per pound representing a decrease of **US\$0.0205** or **1.19%**. A one-year comparison revealed that this month's price was

Monthly Sugar Prices (August 2015 - August 2016)



US\$0.1152 or **7.256%** higher than last year's August price. Robusta Coffee ended the month at **US\$0.967** cents per pound. This month's price is below the previous month's price by **US\$0.0028** or **0.29%**. A one-year comparison revealed that the price of coffee in the Robusta category has increased by **US\$0.0476** or **5.177%**. A two-year comparison revealed that prices have fallen by **20.61%** for coffee of the 'Other Mild Arabica's category and by **07.97%** for coffee in the Robusta category. The five-year average monthly prices ranging from August 2011 to July 2016 for Arabica and

Monthly Coffee Prices (August 2015 - August 2016)



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Robusta are **US\$1.782** and **US\$1.018** respectively. This implies that this year's August price for the Arabica was **4.453%** lower than the average price and for the Robusta coffee it was **5.02%** lower than its average price.

Cocoa Bean Prices

For the month ending August 2016, cocoa bean prices decreased relative to the previous month. Prices decreased by **US\$17.48** per metric tonne or **0.57%** to close at **US\$3,032.50** per metric tonne. A one-year comparison revealed that this year's price is

lower by **US\$121.52** or **3.852%**. A two-year price comparison showed that the August 2016 price for cocoa beans is lower by **US\$237.77** or **07.271%** than its price in August 2014. The five-year average of monthly prices ranging from August 2011 to July 2016 for cocoa bean is **US\$2,780.12** per metric tonne, this means that this year's August price was **US\$252.38** or **9.078%** higher.

Orange Prices

For the month ending August 2016, orange prices ended its four months' increase. This time prices



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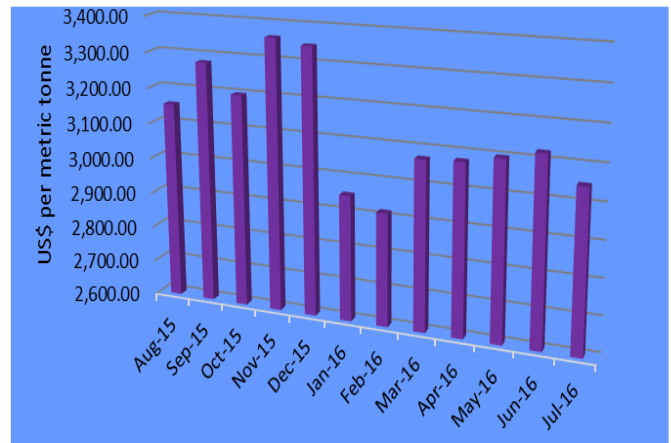
International Commodity Prices

decreased to **US\$959** per metric tonne. The month's price decreased by **0.91%** or **US\$8.76** per metric tonne, relative to July. When compared to the same period in 2015, this year's price was **US\$274.72** or **40.15%** higher. A two-year comparison revealed that prices have risen by **US\$190.83** or **25%**. The five-year average monthly price ranging from August 2011 to July 2016 is **US\$825.17**, indicating that this month's price was **US\$133.83** or **16%** higher.

Banana Prices

Banana prices for the month ending August 2016 increased to **US\$1,051.50** per metric tonne. This represented an increase of **US\$46.83** or **4.66%**

Monthly Cocoa Beans Prices (August 2015 - August 2016)



relative to the previous month. For August 2016 relative to August 2015, banana prices increased by **US\$94.84** or **9.914%** per metric tonne. A two-year comparison revealed that this year's price is above the August 2014 price of **US\$961.59** per metric tonne by **US\$89.91** or

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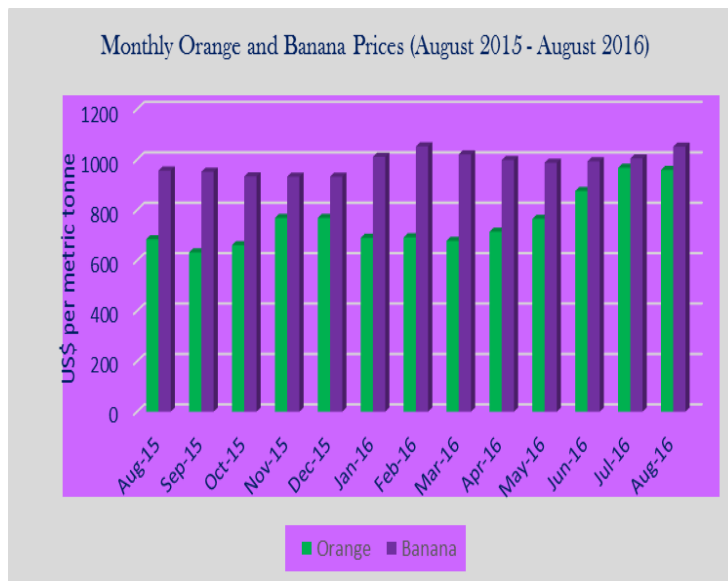
9.35%. The five-year average monthly prices ranging from August 2011 to July 2016 is **US\$957.51**, this means that this year's price was **US\$93.9865** or **9.816%** above.

Corn Prices

For the month ending August 2016, corn prices decreased. Prices decreased by **US\$11.56** or **7.15%** relative to July, to close the month at **US\$150.2** per metric tonne. Between August 2015 and August 2016 prices decreased by **US\$12.54** or **7.705%**. A two-year price comparison showed that this year's price was **US\$26.23** or **14.87%** lower. The five-year monthly average for corn prices ranging from August 2011 to July 2016 is **US\$226.82** per metric tonne, this means that this year's price was **US\$76.62** or **33.78%** lower.

Wheat

In August 2016, wheat prices decreased by **US\$5.72** or **4.28%** relative to July 2016 to end at **US\$127.9** per metric tonne. Relative to August 2015, prices have fallen by **US\$45.57** or **26.27%** per metric tonne. A two-year comparison of wheat prices showed that this year's August price was **US\$101.2** or **44.17%** below the August 2014's price. The average of the five-year monthly prices ranging from August 2011 to July 2016 is **US\$253.73** per metric tonne, meaning that this year's August price was **US\$125.83** or **49.59%** below.



Rice

For the month ending August 2016 the price of the 5 percent broken milled white rice ended at **US\$414.2** per metric tonne. This value was **US\$42.04** or **9.21%** below the **US\$456.24** in July this year. This month's price is above the August 2015 price by **US\$38.63** or **10.28%**. A two-year comparison revealed that the commodity's price was **US\$26.18** or **5.945%** lower than its price in 2014. The five-year monthly price average for rice prices ranging from August 2011 to July 2016 is **US\$476.95** per metric tonne, indicating that August's price was **US\$62.75** or **13.15%** below the long term average.

Beef Prices

In August 2016, the beef prices ended its six month increase. Prices decreased by **US\$0.0214** or **1.14%** when compared to July, to close at **US\$1.856** cents per pound. When compared to August 2015, prices have fallen by **US\$0.264** or **12.45%** cents per pound. In August 2014 prices were **US\$2.5886** cents per pound

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hence this year's price was **US\$0.7326** or **28.30%** below the 2014 price. The five-year average for prices ranging from August 2011 to July 2016 is **US\$1.948** cents per pound indicating that this month's price was **US\$0.0928** or **4.763%** below.

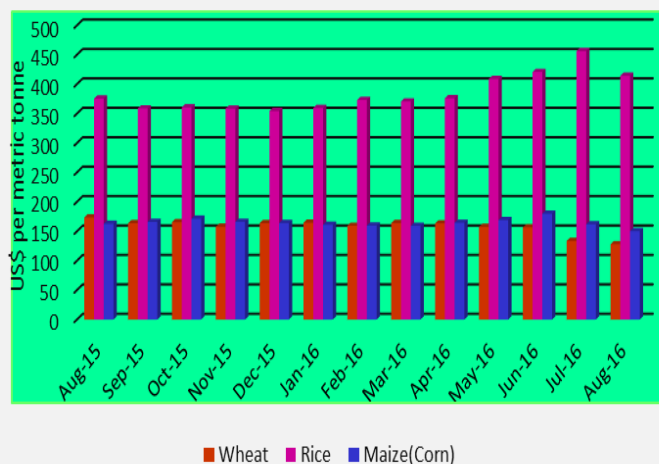
Swine (Pork) Prices

For the month ending August 2016 the price of pork declined relative to the previous month. The price of pork was **US\$0.652** cents per pound. This represented a **US\$0.1081** or **14.22%** decrease from July's price of **US\$0.7601**. When compared with August 2015, prices decreased by **US\$0.1038** or **13.73%**. Prices are below the price level 2-years ago by **US\$0.44** or **40.29%**. It is also below the 5-year average of **US\$0.8348** for prices ranging from August 2011 to July 2016 by **US\$0.1828** or **21.90%**.

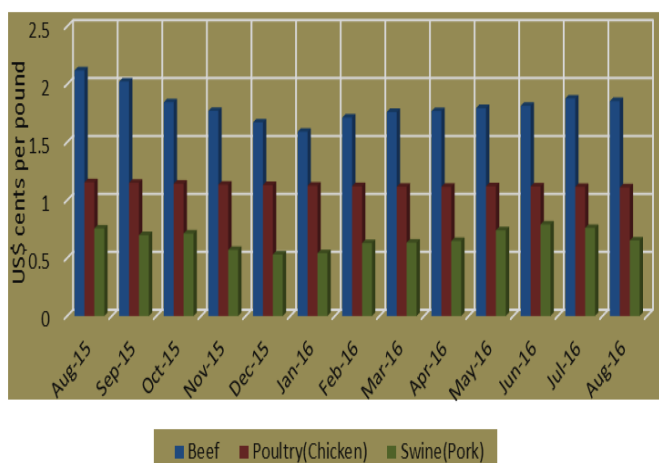
Poultry Prices

Chicken prices decrease for the month ending August 2016. At the end of the month chicken was valued at **US\$1.111** cents per pound, representing a decrease of **US\$0.0036** or **0.32%** from July. The price in August 2016 was approximately **US\$0.0436** or **3.776%** lower than the August 2015 price. In August 2014, the price for poultry was **US\$1.1279** cents per pound, indicating that this year's price was **US\$0.0169** or **1.498%** lower. The average monthly price ranging from August 2011 to July 2016 is **US\$1.051** cents per pound, this means that this year's price was **US\$0.0604** or **5.75%** more.

Monthly Cereal Price (August 2015 - August 2016)



Monthly Meat Prices (August 2015 - August 2016)



Aluminum Prices

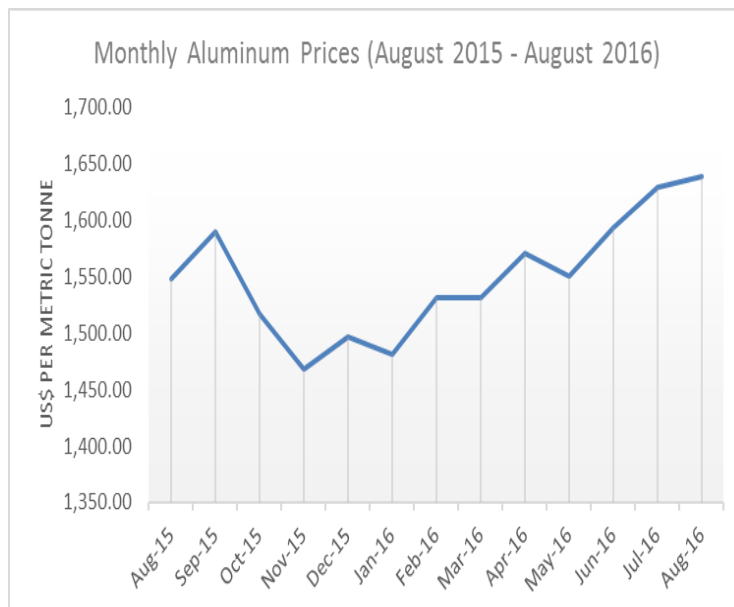
The price of aluminum increased in August relative to July this year. Prices increased by **US\$10.25** or **0.63%** to end the month at **US\$1,639.30** per metric tonne. For August 2016 relative to August 2015, prices increased by **US\$91.17** or **5.889%** per metric tonne. A two-year comparison revealed that this year's price was **US\$391.19** or **19%** below the price for the corresponding period in 2014. The five-year average for monthly prices ranging from August 2011 to July 2016 for aluminum is **US\$1,844.44** per metric tonne,

this means that this year's August price was US\$205.14 or 11.12% lower.

Impact of global prices on Jamaica

There were price reductions observed in **66.67%** (14) of the commodities monitored for August 2016. The price of Brent increased for the period August relative to July while the price for the WTI decreased. The Brent moved up by **2.29%** and the WTI decreased by **0.42%**. Natural gas remained the same at US\$2.79 per million metric. The IMF's Fuel Energy index increased by **1.72%**, and the Food and Beverage Index decreased by **3.98%**. The all commodity price index decreased by **0.0787%**.

The Food and Agriculture Organization of the



United Nations (FAO) Food Price Index averaged 165.6 points in August 2016, up 3 points (1.9 percent) from July and almost 7 percent above the corresponding




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period last year. The August value of the Index is the highest since May 2015. The FAO Cereal Price Index averaged 43.6 points in August, down 4.5 points (3.0 percent) from July and 7.4 percent below its year-earlier level. Seasonal harvest pressure, associated with the completion of wheat harvests in the northern hemisphere, kept wheat quotations under some downward pressure. Maize values also receded on exceptional crop prospects in the United States and ample supplies of low quality wheat, which could compete with maize for use as animal feed. The FAO Meat Price Index 162.2 points in August, 0.5 points (0.3 percent) higher than its revised July value but down 5 percent from August 2015. The FAO Sugar Price Index averaged 285.6 points in August, up 6.9 points (2.5 percent) from July, reaching its highest level since October 2012 and as much as 75 percent above the corresponding period last year. The latest surge in sugar prices was largely on account of a continuous strengthening of the Brazilian currency (Real), which appreciated by another 2 percent against the US dollar in August.

Commodity	Unit	July Price	August Price	Monthly Change %
Aluminum	Metric tonne	1629.05	1639.3	0.63
Bananas	Metric tonne	1004.67	1051.5	4.66
Beef	Pound	1.8774	1.856	-1.14
Cocoa Beans	Metric tonne	3049.98	3032.5	-0.57
Coffee-Arabicas	Pound	1.7235	1.703	-1.19
Coffee-Robusta	Pound	0.9696	0.967	-0.29
Corn-Maize	Metric tonne	161.76	150	-7.15
Natural gas	MMBTU	2.79	2.79	0
Crude Brent	Barrel	45.07	46.1	2.29
Crude West Texas Intermediate	Barrel	44.89	44.7	-0.42
Oranges	Metric tonne	967.76	959	-0.91
Pork (Swine)	Pound	0.7601	0.652	-14.22
Poultry	Pound	1.1146	1.111	-0.32
Rice	Metric tonne	456.24	414.2	-9.21
Soybean	Metric tonne	390.4	370.3	-5.15
Soybean meal	Metric tonne	403.28	364.5	-9.62
Soybean oil	Metric tonne	669.86	711.7	6.25
Sugar (free market)	Pound	0.1969	0.2	1.57
Sugar US (Import)	Pound	0.2815	0.218	-0.32
Sugar European (Import)	Pound	0.2187	0.285	1.24
Wheat	Metric tonne	133.62	127.9	-4.28

Monthly Inflation Rate and Treasury Bill Rates

Monthly Inflation Rate

Inflation, measured by the All Jamaica “All Divisions” Consumer Price Index (CPI) increased by **0.4%** for the period August 2016 over July 2016. The increase in the rate for August brought inflation for the calendar year to date to **0.3%**. The increase in the rate for August 2016 over July 2016 brought inflation for fiscal year to June to **1.6%**. The 12-month point to point rate at the end of August 2016 was **1.8%**.

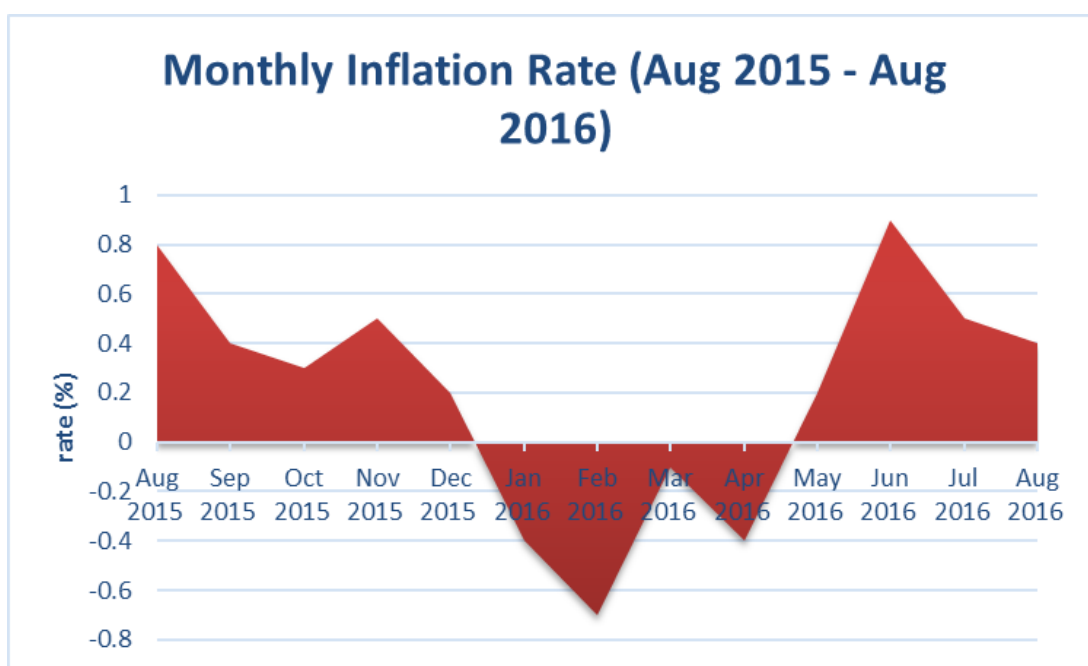
According to the Statistical Institute of Jamaica, the outturn for the month was largely influenced by an increase of 1.8% in the division ‘Housing, Water, Electricity, Gas and Other Fuels’. This was primarily due to the increase in rates for electricity and water. Another influential increase was seen in the division of Food and Non-Alcoholic Beverages of 0.4%. This was mainly influenced by the upward movement in the subdivision Vegetables and Starchy Foods up by 0.9%.

Transport was the only division to record a negative movement in its index, decreasing by 0.2%. This was as a result of lower petrol prices on the local market for the month of August. However, this was tempered by the increase in the cost of air fares.

Inflation in all the three regional areas increased for the month of August 2016 relative to July 2016. Inflation for the Greater Kingston Metropolitan area (GKMA), Other Urban Centers (OUC) and Rural Areas increased by 0.5%, 0.4% and 0.4%, respectively.

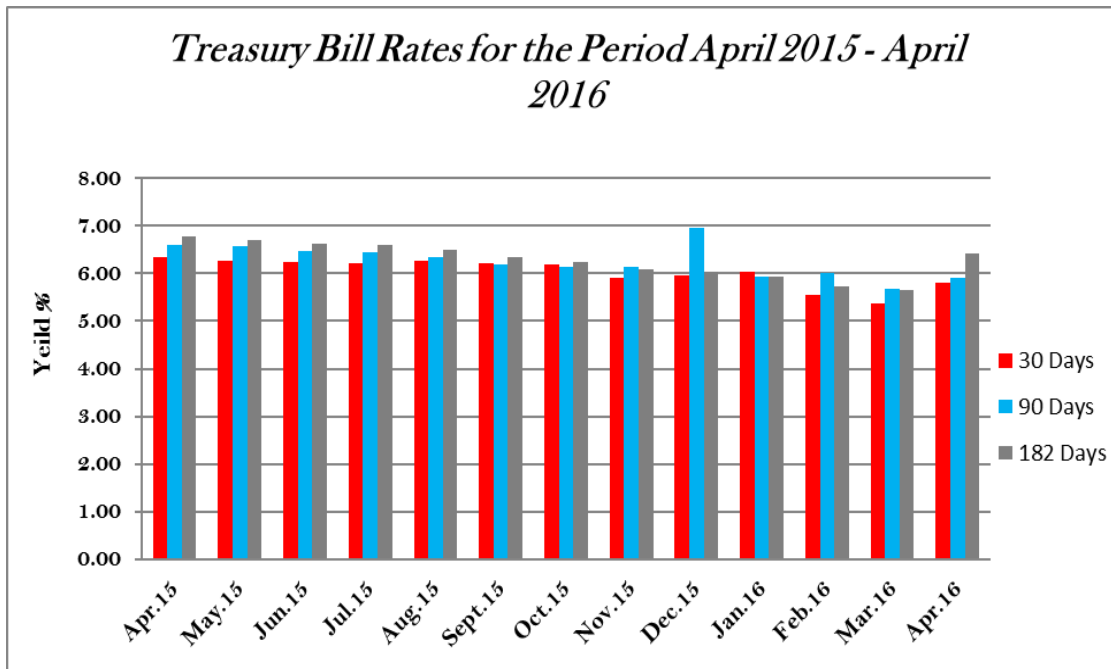
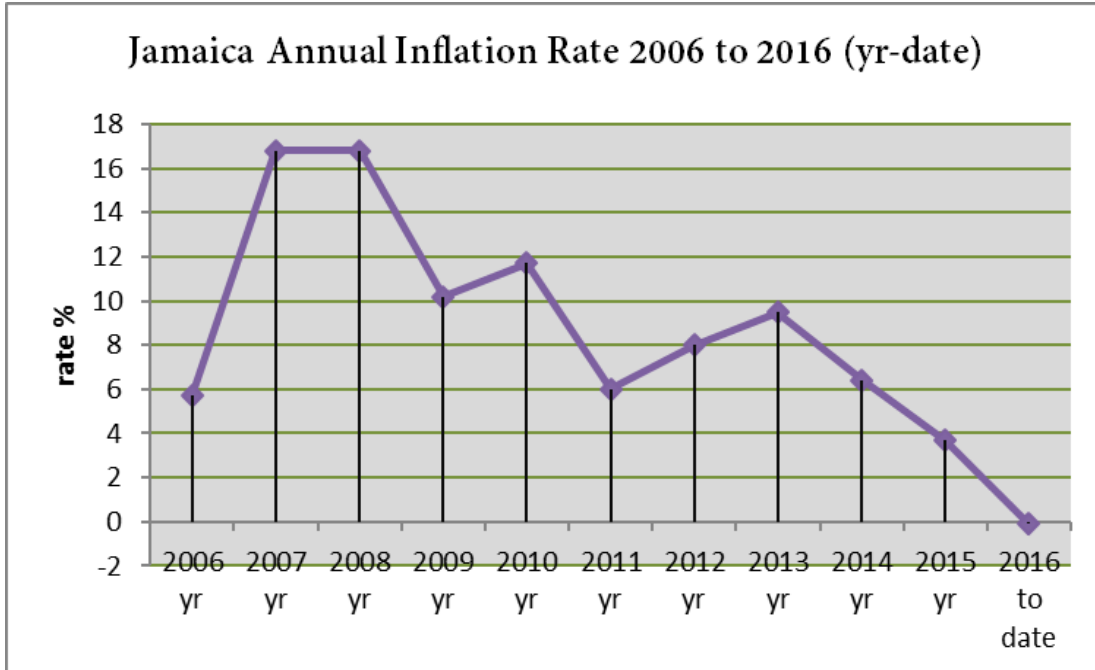
Treasury Bill Rate

For the month of May 2016 relative to the previous month, yields on the Government of Jamaica 30-day, 90-day and 182-day treasury bills increased by **43bps**, **26bps** and **59bps** respectively. For the period May 2016 in comparison to May 2015, yields on GOJ treasury bills recorded decreases of **47bps**, **66bps** and



Monthly Inflation Rate and Treasury Bill Rates

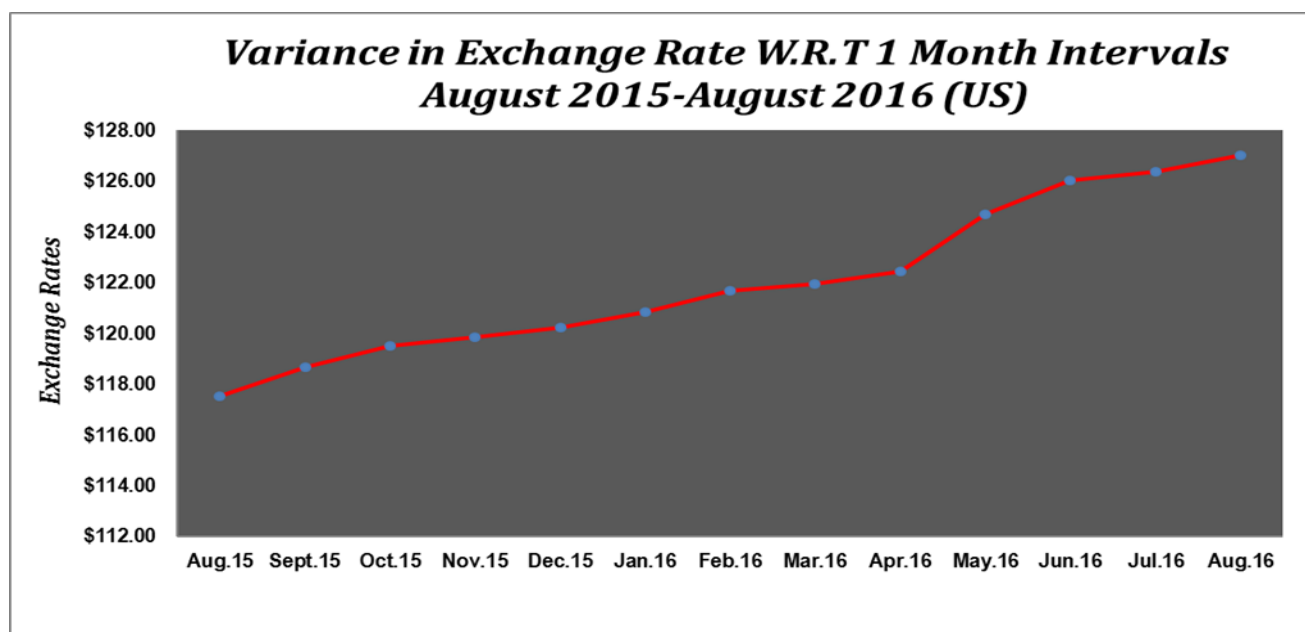
30bps for the 30-day, 90-day and 182-day treasury bills respectively. Similarly, a two-year comparison showed decreases in the rate of 241bps, 302bps, and 39bps on the yields of the 30-day, 90-day, and 182-day.



Monthly Exchange Rates Update

JMD:USD

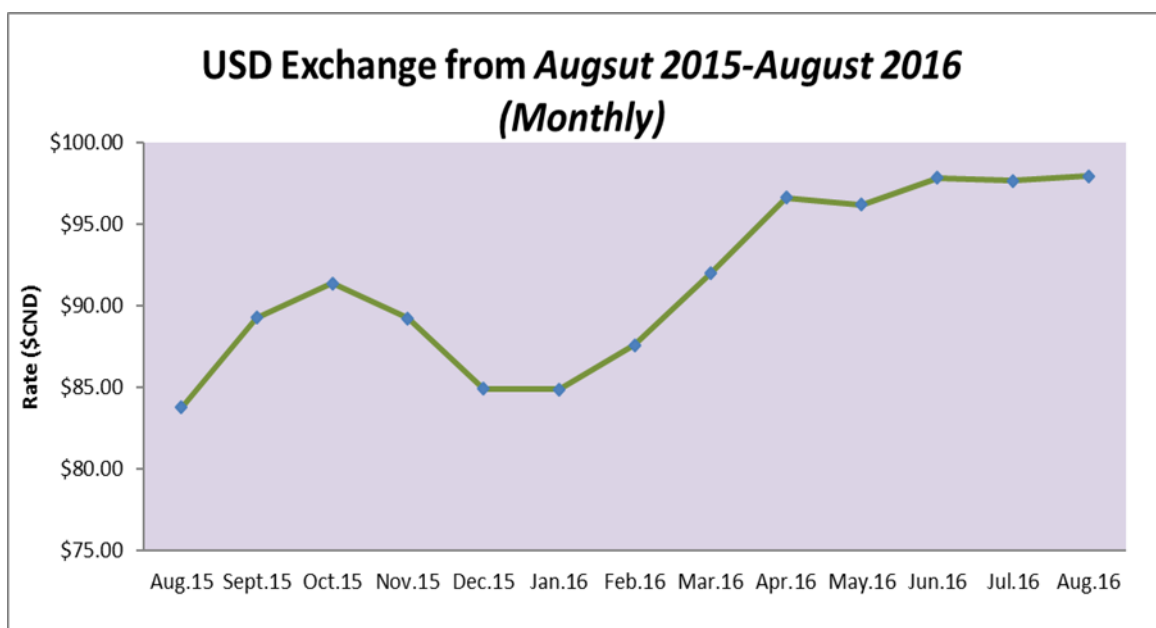
In analysis of the exchange rates over the period July 2016 to August 2016, the monthly average value of the Jamaican dollar depreciated by **\$0.65** or **0.5143%** relative to the US dollar. As a result, the exchange rate progressed to settle at **US\$1.00=J\$127.03**. A one-year comparison revealed depreciation in the currency ratio of J\$9.51, resulting in an overall increase in the value of the \$US by 8.092%. 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 \$J14.23 (percentage increase of 12.62).



JMD:CAD

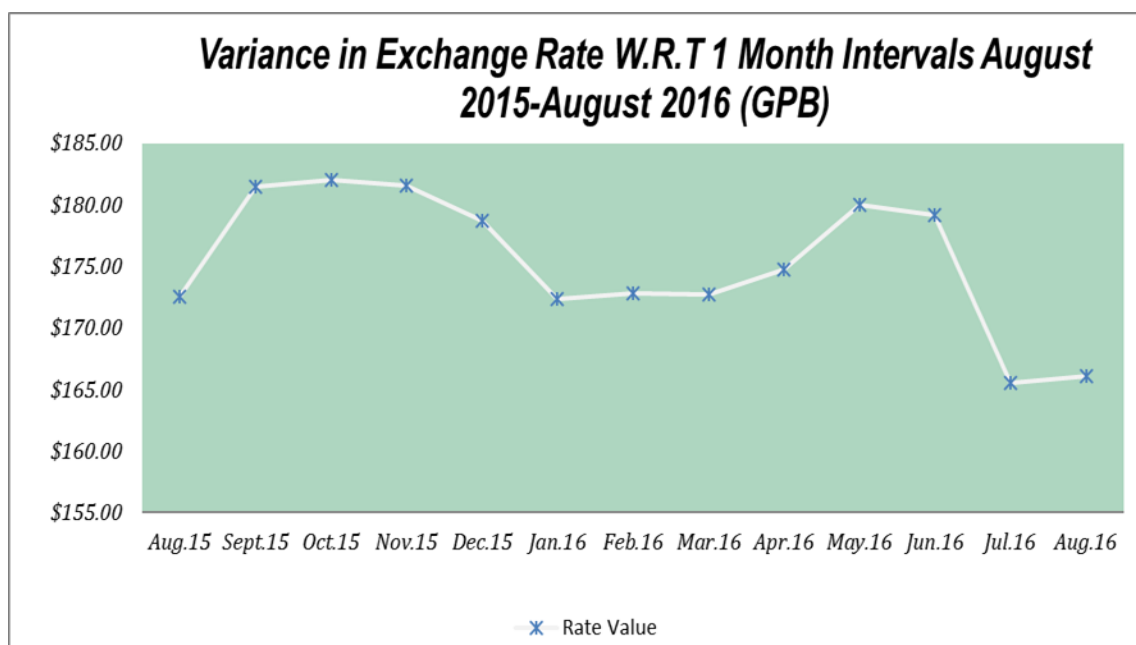
In relation to the exchange rate recorded for the month of August 2016, calculations accentuated the fact that the Jamaican dollar depreciated by **0.297%** (**\$J0.29**) relative to the previous month, July. In this regard the value of the Jamaican dollar to the US dollar at the end of August was **CAD\$1.00=J\$97.94**. The exchange rate of August 2016 was further set side by side with the rate 1 year earlier (August 2015) which revealed that the value of the Jamaican dollar slid by J\$14.18 or 16.92%. Furthermore, calculations comparing the exchange rate values for August 2016 and August 2014 made clear the 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 \$J5.81 (appreciation of 5.6%).

Monthly Exchange Rates Update



JMD:GBP

The exchange rate's monthly variance of **J\$0.52** was seen to exist within the boundaries of July 2016 and August 2016, this indicates that the Jamaican dollar depreciated by some **0.3142%**. Last month's value was the lowest since October 2013. The exchange rate at end August was **GBP1.00=J\$166.04** in comparison to the previous month **GBP1.00=J\$165.52**. The annual comparison of the exchange rates for the months August 2015 and August 2016 revealed that the Jamaican dollar appreciated in such a way that there was a decrease in the price of the \$GBP equal to J\$6.5 (3.767%). Further investigation of the exchange rate extending to August 2014 showed that the cost of the Pound decreased by J\$20.53 or 11.0%.



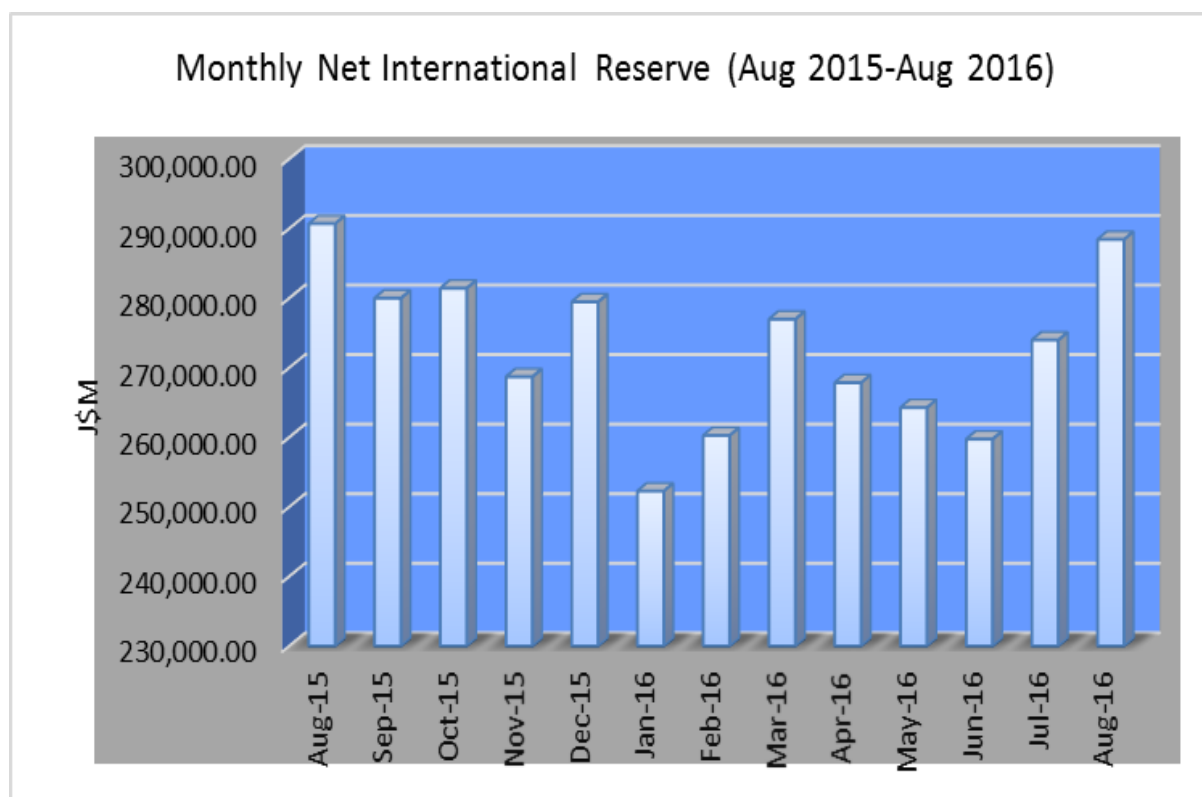
Net International Reserves & Money Base

August 2016 Issue

Net International Reserves

Data for the month ending August 2016 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was **J\$288.43 billion (US\$ 2,515.52 million)**. This reflected an increase of **J\$14,449.80 billion (US\$ 126.02 million)** relative to July 2016. The change in the NIR for the month was due to an increase both in foreign assets and foreign liabilities. Under the category of foreign asset, two sources increased while one decreased. Currency and Deposits increased by **US\$127.57 million**, Securities increased **US\$0.47 million** while

SDR & IMF Reserve Position decreased by **US\$1.65 million**, to end the month with total foreign asset **US\$3,068.58 million**. This represented a total increase of **US\$126.39 million**. Under foreign liabilities, IMF expenditures increased while Other expenses remained unchanged; Payments to IMF increased by **US\$0.37 million** which was the total increase in foreign liabilities. Foreign liabilities for the month ending was **US\$553.06**. At the end of August, the gross reserves were sufficient to finance **35.54 weeks** of goods imports which represented **23.54 weeks** over the international benchmark of **12 weeks** of goods

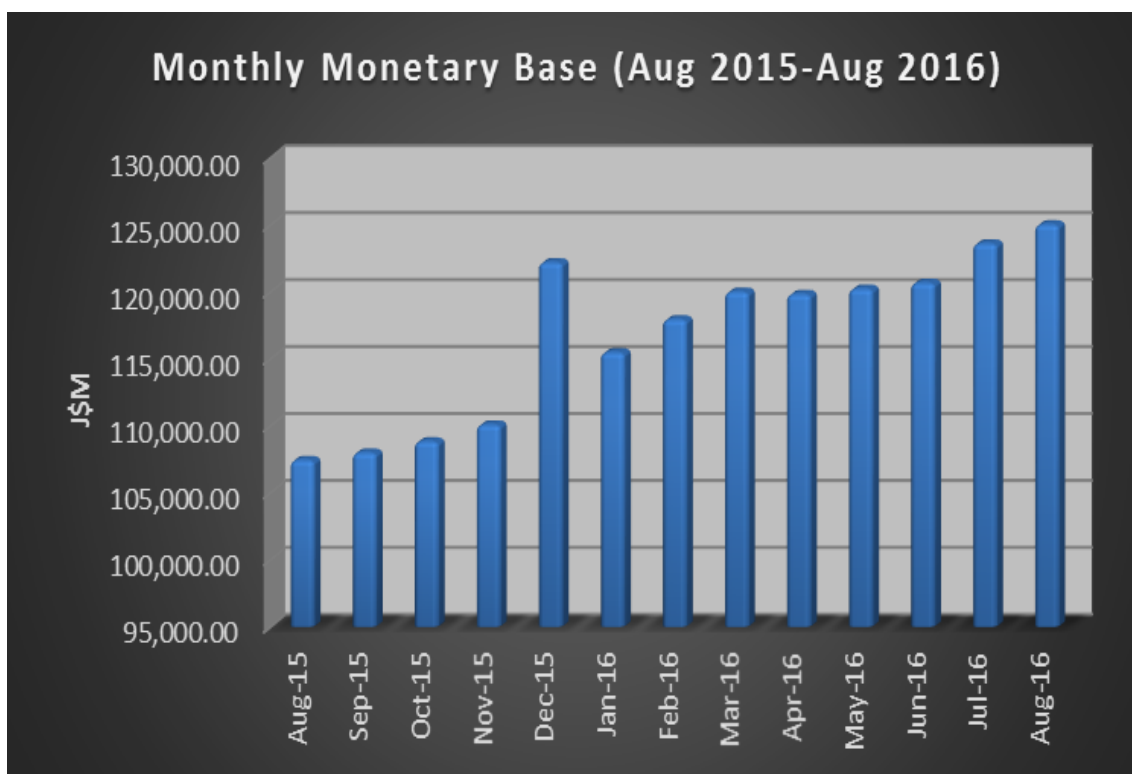


Net International Reserves & Money Base

August 2016 Issue

Monetary Base

The monetary base increased by **J\$1.425** billion to **J\$125.042** billion for August 2016 relative to July this year. The change in the base reflected increases in Net Currency Issue and the Commercial Banks' Statutory Reserves while a decrease was seen in the Commercial Banks' Current Account. Net Currency Issue increased by **J\$1.384** billion to end at **J\$83.197** billion and the Commercial Banks' Statutory Reserves increased by **J\$0.409** billion to a total of **J\$41.024** billion. The Commercial Banks' Current Account decreased by **J\$368.62** billion to a total of **J\$819.92** billion.



Remittance Inflow Update

August 2016 Issue

At the end of April 2016 gross remittance inflows were **US\$202.7 million**. This represented an increase of **3.42%** or **US\$6.7 million** relative to the **US\$196 million** recorded March. When compared to the corresponding month of the previous year gross remittance increased by **US\$15.5 million** or **8.3%**. For April 2016, net remittances were **US\$183.5 million** reflecting an increase of **US\$6.5 million** or **3.55%** relative to March this year. When compared to the corresponding period of 2015, net remittances increased by **US\$17.2 million** or **10.4%**. Total net remittances for January to March were **US\$ 659.6 million**, which represented a growth of **US\$22.4 million** or **3.5%** relative to the corresponding period of 2015. Total remittance inflows for the first quarter of 2016 was **US\$740.0 million**, representing

an increase of **US\$24.7 million** or **3.5%** relative to the previous year. These inflows were above the average of **US\$684.6 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\$23.1 million** inflows through remittance companies and a decrease of **US\$1.6 million** in Other Remittances.

For the fiscal year 2015/16 to April, 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.

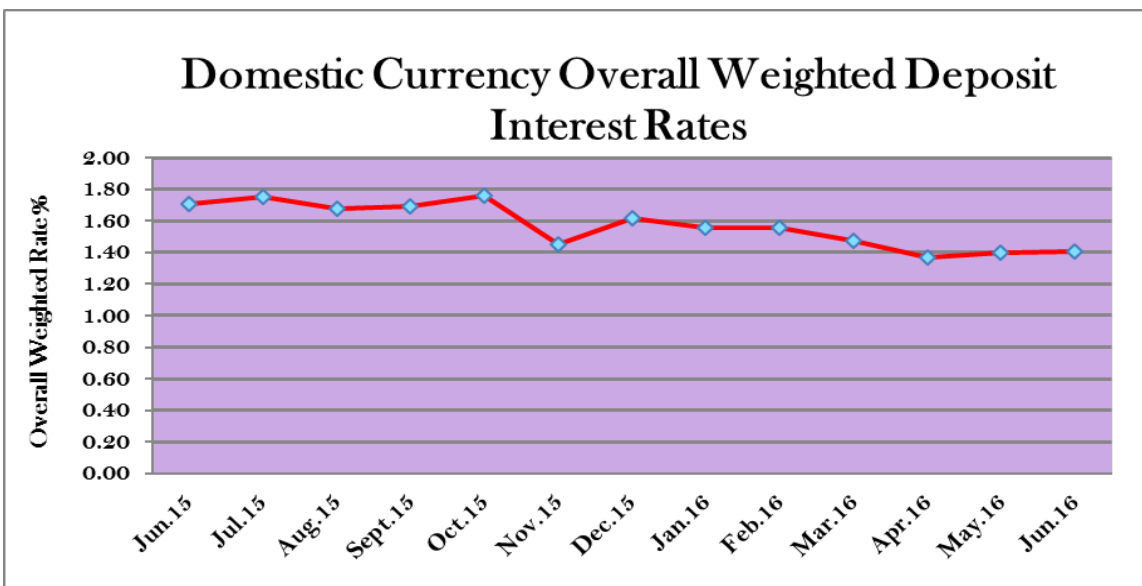
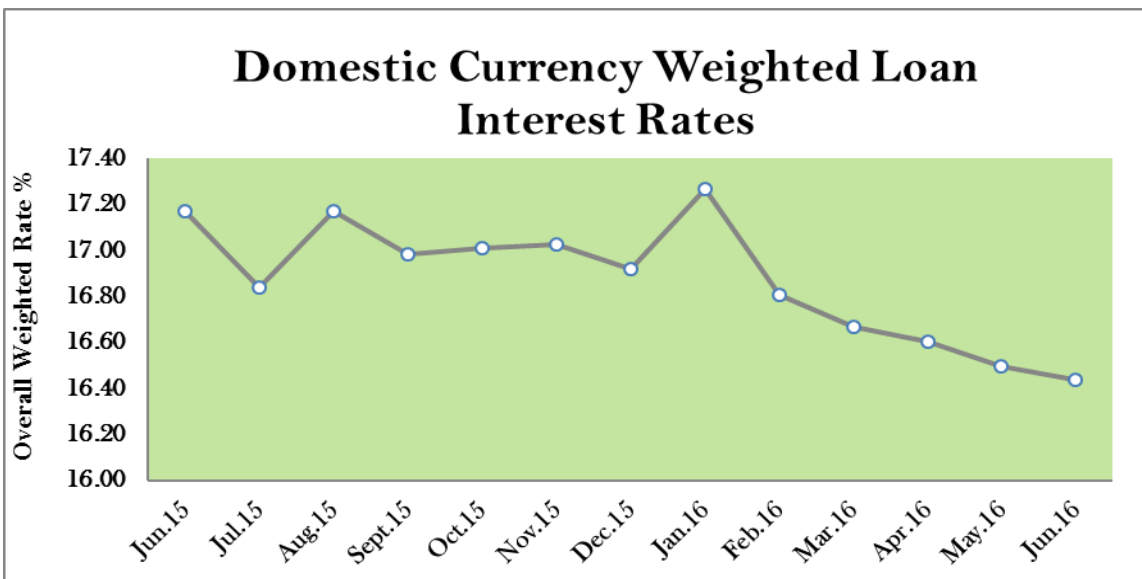
JAMAICA'S REMITTANCES				
(US\$MN)				
	2015 April	2016 April	Change	% Change
Total Remittance Inflows	187.2	202.7	15.5	8.3
Remittance Companies	160.7	173.8	13	8.1
Other Remittances	26.4	28.9	2.5	9.4
Total Remittance Outflows	20.9	19.2	-1.7	-8.1
Net Remittances	166.3	183.5	17.2	10.4

Interest Rates

August 2016 Issue

The overall weighted average lending rate on domestic currency loans decreased for June relative to May this year. The lending rate has been decreasing since the start of 2016 with the largest decrease seen in the move from January to February. Weighted average lending rate on domestic currency loans decreased by **6bps** to end the month at **16.44%** relative to 16.50% from the previous month. This occurred in the context of decreases in the rates of four of the six loan types. These were, decreases in Installment Credit of **16bps**, in Commercial Credit of **10bps**, in Central Government of **7bps** and in Mortgage Credit of **4bps**. The impact of these decreases was offset by an increase in Local Government & Other Public Entities of **218bps** while Personal credit remained unchanged.

Meanwhile, the weighted average domestic interest rates on deposits for the month ending was **1.40%**. The same as in May this year.

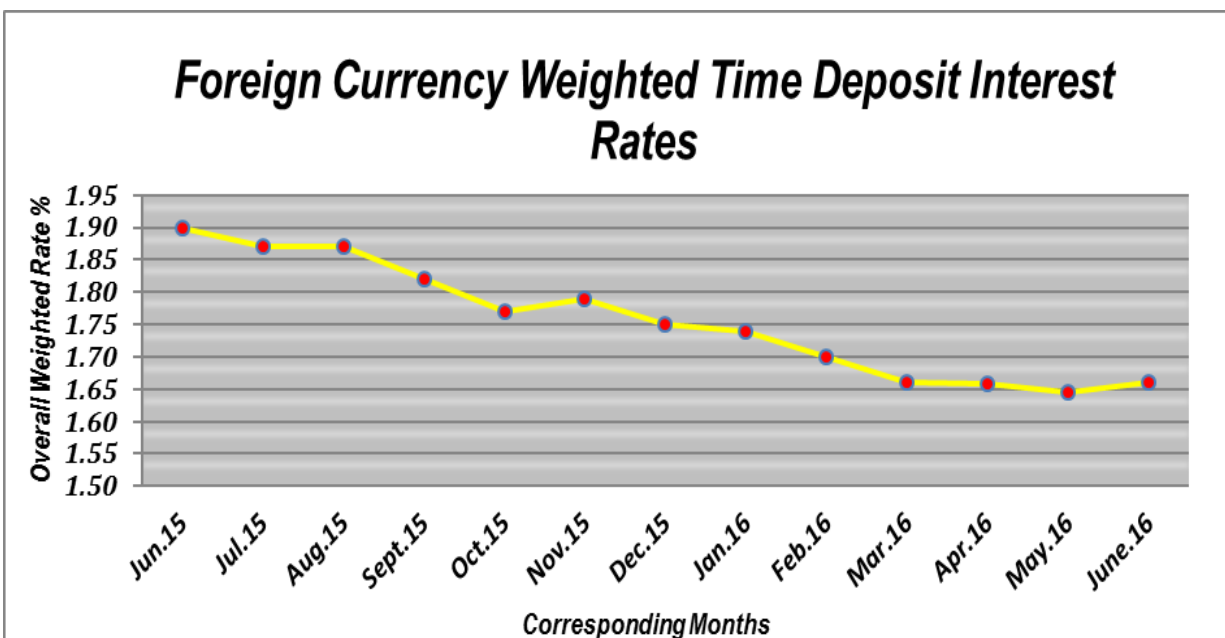
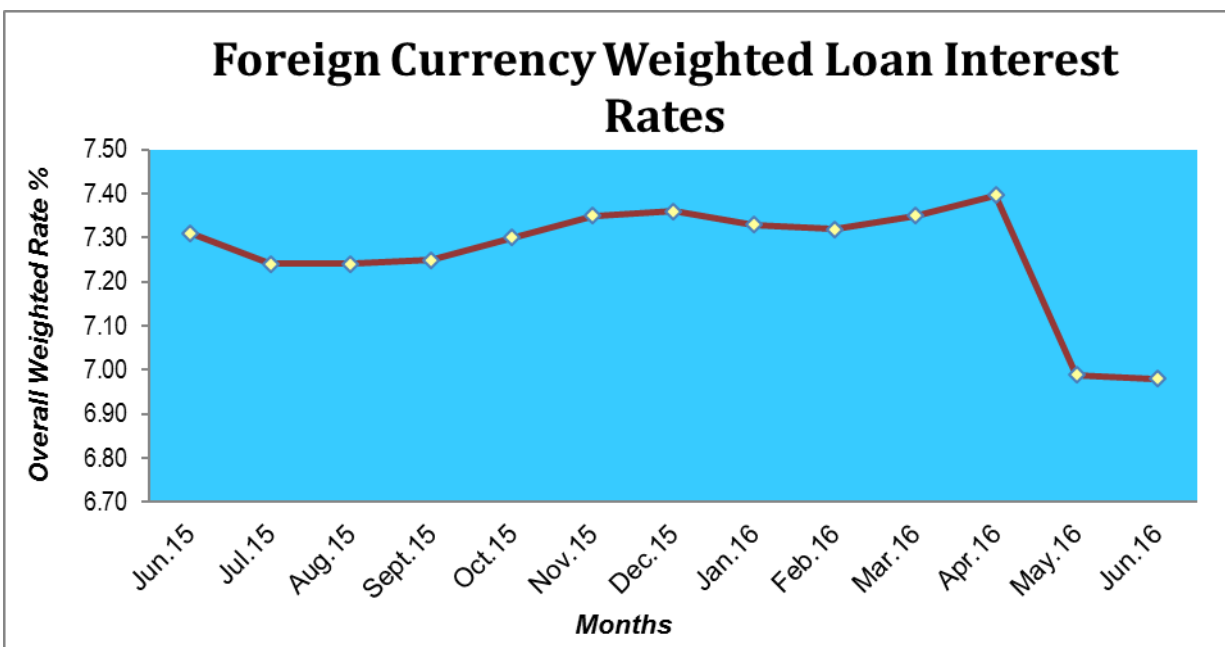


Interest Rates

August 2016 Issue

For June this year foreign currency loans rate increased relative to May 2016. In this regard, the foreign currency loan rate increased by **1bps** to **6.98%** from 6.99% in May. Of the loan types; two increased, one decreased while two remain the same. Increases occurred in Personal Credit of **13bps** and Mortgage Credit of **2bps**. A decrease was recorded in Commercial Credit of **1bps** respectively. While Installment Credit and Local Government and Other Public Entities remained the same.

Meanwhile, the interest rates on foreign currency deposits increased by **1bps** from 1.65% to **1.66%** in May this year.



Tourism

August 2016 Issue

Stopover tourist arrivals for June 2016 were **194,088**. This month's total was **26,204** or **15.60%** higher than the **167,884** in May this year. June's total represents an increase of **6.4%** compared to the **182,364** recorded in June last year. For the January to June period, arrivals increased by **2.5%**, with **1,135,080** stopovers compared to **1,107,174** in 2015.

For June 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 June 2015. The largest percentage increases were reflected in the stopovers from Asia, the United States, and the Caribbean with **22.6%**, **8.4%** and **5.9%** respectively. Stopover arrivals from Asia increased drastically from a decreasing by 21.1% for April over May to an increase of almost equal amount for May over June. The other category which reflected an increase in stopovers was

Europe with **3.6%**.

The overall impact of increases was offset by decreases in arrivals from the Other Countries, Canada and the Latin America. Stopover arrivals decreased by **10.7%**, **6.2%** and **4.9%** for the Other Countries, Canada and Latin America respectively. The market share for stopover visitors for the January to June 2016 was as follows: USA **64.5%**; Canada **18.1%**; UK **8.7%**; Continental Europe **4.2%**, the Caribbean **2.6%**; and the others, including Latin America and Asia **1.9%**.

A total of **110,086** cruise passengers visited Jamaica in May, 2016. This represented a **15,509** or **16.39%** overall increase compared to the **94,577** recorded in the previous month. For the corresponding period in 2015 total cruise passengers was **89,162** hence this year's total was **23.5%** more.

The January to June 2016 period saw **949,883** cruise passenger arrivals at the three major ports, an increase of **118,450** or **14.2%** compared to the corresponding period last year.



Stock Market Update

August 2016 Issue

On the last trading day in August 2016, for the period August 01, 2016 to August 31, 2016, the main JSE index advanced by **565.61 points** or **0.35%** to close at **160,387.57 points**. The JSE Combined Index advanced by **689.54 points** or **0.40%** to close at **171,517.21 points**. The JSE Junior advanced by **16.07 points** or **0.73%** to close at **2,216.93 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 August resulted from trading in seventy (**70**) stocks of which **40** advanced, **24** declined and **6** traded firm. In total **360,824,125.00 units** of stock were traded during the month, which had a total value of **J\$4,354,296,150.85**. This resulted in market capitalization of **J\$576,949,830,848.00 billion** as at end August 2016.

Radio Jamaica Limited was the volume leader for the month with **59,489,460 units** amounting to **16.47%** of market volume. Second was Supreme Ventures Limited, which traded **51,437,734 units** amounting to **14.24%** of the market volume. Next

in line was Cable & Wireless Jamaica Limited with a total of **46,276,790 units** amounting to **12.81%** 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: July 2016 Summary

August 2016 Issue

- ◇ 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 was 2.1%.
- ◇ Data for the month ending July 2016 revealed that the

Previous Highlights: July 2016 Summary

August 2016 Issue

- 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%.

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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