



MONTHLY ECONOMIC BULLETIN

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The CEO'S Remarks

The recent election victory by Donald Trump on the US resulted initially in uncertainty, which has caused leaders worldwide to think about the possible global consequences of his policies based on the rhetoric in the campaign.

This has brought into sharp focus the still fragile situation of Jamaica's economy. This is especially relevant now, as Jamaica's progress in the next two to three years will, in my view be even more difficult than over the past three years.

One may question this as over the past three years we have had to endure fiscal cuts, and many other restrictions, that has placed a strain on consumers and businesses. And so now that we are seeing improved economic conditions and increased confidence then why would I say that the most difficult time still is ahead.

This is because (all business persons are aware) it is much easier to consolidate than grow. When one consolidates all you need to do is put policies and actions in place to reduce expenditure mainly, but to expand a company or economy it requires a different skill set, as one needs vision, planning, and well timed execution. It also needs leaders who can think what the environment will look like in the future and not be blinded by the current view.

And so for Jamaica, we are in a situation where I do not believe that we can contract any further. We have done enough to lay a foundation for growth, and any further contraction means increased hardship for all.

Now that we have set a stage, where we see increased confidence, profitability, and spending; we must remember that much of this is based on the credibility built up over the past three years and much of the spending is because of confidence rather than any cash on hand, as shown by the increased back loans.

So the task of policy makers is going to be crucial over the next few months, and will require some ingredients such as increased consultation, transparency, improved corporate governance, and risk mitigation strategies.

This requires a very different way of thinking for our bureaucracy. It will mean looking at fiscal and monetary policy not just as a mathematical exercise, as we have always done, but carefully analysing the alternatives, and their risks and rewards, and having the confidence to implement the needed policy.

For example, we must continue with the oil hedge, and not be too sensitive to political debates while "Rome burns", and oil prices rise. We must ensure that proper corporate governance and board selection is at the level of public sector bodies. We must take the necessary steps to reform our security forces and focus on safety and opportunities for all citizens. We must ensure that there is discipline and order maintained throughout the country. Because it is only when we do these things that we can start to see real development.

So the next two to three years are going to be crucial for our development, and the policy actions taken today will determine what our future holds. It is going to require bold and decisive leadership that will not pander to political before national objectives.

Economic Highlights October 2016

- At the end of October 2016, the monthly average value of the Jamaica Dollar depreciated against the US dollar. However, the value of the dollar appreciated against the Canadian dollar and the Great Britain Pound. The Dollar depreciated against the US\$ by J\$0.98 or 0.7664% to end at J\$128.85=US\$1.00. The value of the Canadian dollar appreciated by J\$1.61 or 1.645% to end at CAD\$1.00=J\$96.24. The value of the Great Britain pound appreciated by J\$10.57 or 6.256% to end at GBP1.00=J\$158.37.
- Inflation, measured by the All Jamaica “All Divisions” Consumer Price Index (CPI) increased by 0.2% for the period October 2016 over September 2016. The increase in the rate for October brought inflation for the calendar year to date to 1.1%. The increase in the rate for October 2016 over September 2016 brought inflation for the fiscal year to October to 2.4%. The 12-month point to point rate at the end of October 2016 was 1.8%.
- Data for the month ending October 2016 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was J\$280.14 billion (US\$ 2,443.23 million). This reflected a decrease of J\$2.27 billion (US\$19.78 million) relative to September 2016.
- The monetary base decreased by J\$0.348 billion to J\$124.76 billion for October 2016 relative to September 2016.
- On the last trading day in October 2016, for the period October 04, 2016 to October 31, 2016, the main JSE index advanced by 2,277.02 points or 1.38% to close at 166,759.27 points. The JSE Combined Index advanced by 2,589.31 points or 1.46% to close at 179,679.75 points. The JSE Junior advanced by 46.50 points or 1.95% to close at 2,436.40 points. In contrast, once again, the JSE Cross Listed Index remained firmed and closed the month at 499.06 points.
- For the month of September 2016 relative to the previous month, yields on the Government of Jamaica 30-day and 182-day treasury bills decreased by 11bps and 6bps. Yields on the 90-day treasury bill, however, increased by 13bps for the same period.
- The overall weighted average lending rate on domestic currency loans decreased for September relative to August this year. The weighted average lending rate on domestic currency loans decreased

Economic Highlights October 2016

by 11bps to end the month at 16.22% relative to 16.33% from the previous month. The weighted average domestic interest rates on deposits for the month ending decreased by 7bps for the period September relative to August. In this regard, weighted average domestic interest rates on deposits moved from 1.45% in August to 1.39% in September this year. Foreign currency loans rate increased relative to August 2016. The foreign currency loan rate decreased by 5bps. In this regard the rate moved from 7.15% in August, to 7.10% in September. Interest rates on foreign currency deposits decreased by 12bps moving from 1.84% in August to 1.72% in September.

- Stopover tourist arrivals for August 2016 were 169,023. For the January to August period, arrivals increased by 2.4%, with 1,532,272 stopovers compared to 1,496,899 in 2015. A total of 99,677 cruise passengers visited Jamaica in August, 2016. This represented a 11,662 or 13.25% overall increase compared to the 88,015 recorded in the previous month. The January to August 2016 period saw 1,137,575 cruise passenger arrivals.

- At the end of June 2016 gross remittance inflows were US\$195.0 million. This represented an increase of 0.257% or US\$0.5 million relative to the US\$194.5 million recorded May. For June 2016, net remittances were US\$174.5 million reflecting a decrease of US\$3.2 million or 1.80% relative to May this year. Total net remittances for January to June were US\$1 011.8 million.
- There were price reductions observed in 47.61% (10) of the commodities monitored for October 2016. Both the price of Brent and the WTI increased for the period October relative to September. The Brent moved up by 7.66% and the WTI increased by 10.45%. Natural gas price decreased by 0.67% for the period October over September. The IMF's Fuel Energy index increased by 10.07%, and the Food and Beverage Index increased by 0.7112%. The all commodity price index decreased by 5.717%.

Economic Highlights October 2016

Devaluation of the Jamaican Dollar

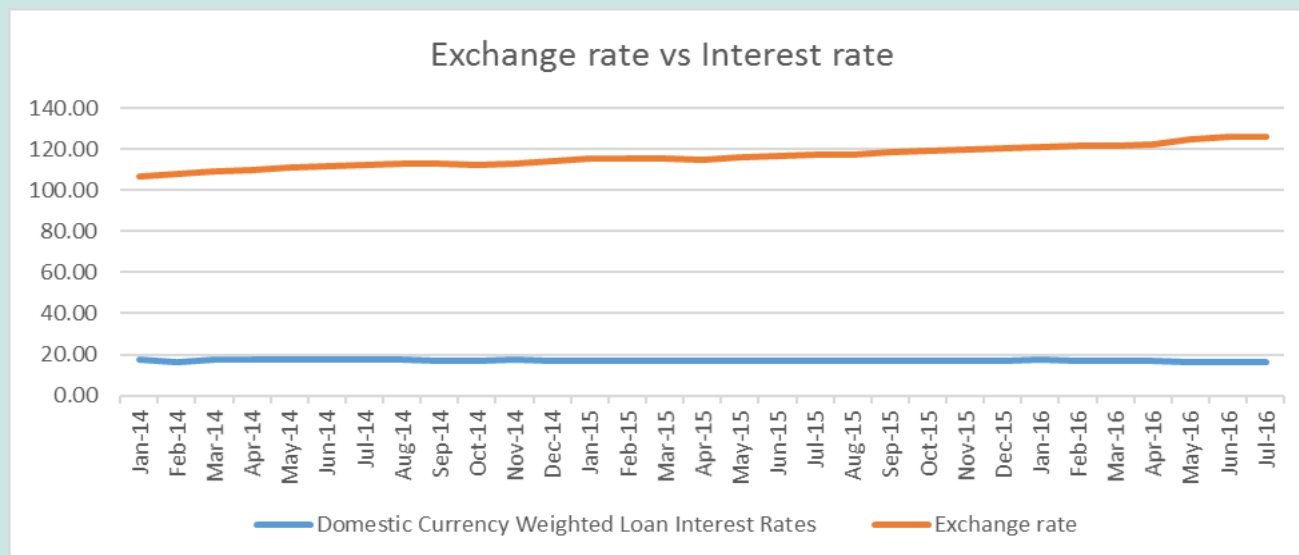
Listed among the recommendations given to Jamaica by the International Monetary Fund was allowing the Jamaican dollar to devalue relative to foreign currencies. This was to allow for the maintenance of competitiveness in the face of a large inflation differential with trading which is essential to help support growth. To present, the Jamaican dollar continues to depreciate against the US Dollar. For the period September 2016 to August 2016 the monthly average value of the Jamaican dollar depreciated by \$0.84 or 0.6613% relative to the US dollar. As a result, the exchange rate progressed to settle at US\$1.00=J\$127.87. The monthly average value was also compared with the figure for the corresponding period last year and it was revealed that there is a depreciation in the currency ratio of J\$9.20, resulting

in an overall increase in the value of the \$US by 7.753%. On October 20, 2016 the value of the US Dollar reached the \$129 mark for the first time.

To identify any possible causes trend analysis was done between the US dollar exchange rate and several other economic indicators. Economic theory teaches that the exchange rate is influenced by several other economic indicators. The monthly average value of the exchange rate was set side by side with six other indicators, namely, the inflation rate, interest rate, debt, net international reserves, the total goods import and the money supply.

All information was taken from the Bank of Jamaica and Statistical Institute of Jamaica and the data runs monthly from 2014 – 2016.

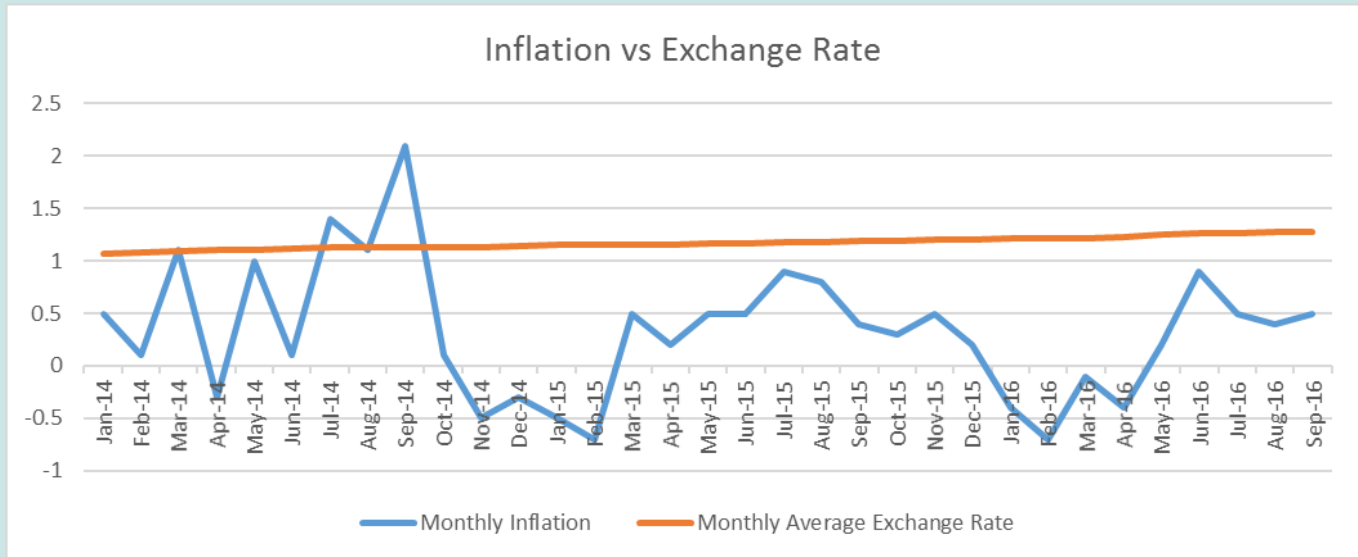
Interest Rate vs Interest Rate



Graph 1a

Economic Highlights October 2016

Inflation rate vs Exchange Rate



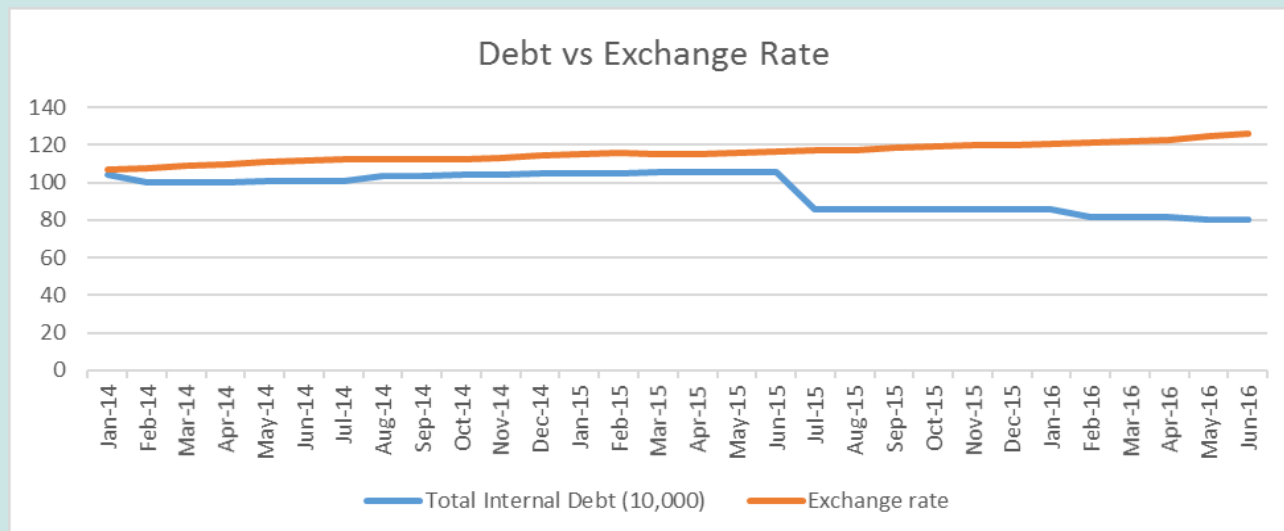
Graph 1b

Balancing exchange rate and inflation rate is not easy. Inflation and interest rate policies are often important indicators of exchange rate trends. Investors are normally attracted to countries with low interest rate on loans and high interest on returns, however high interest rates may lead to increase inflation. In **Graph 1a** interest rates (on Domestic Currency Loans) has slightly declined over the years while the exchange rate gradually depreciates. The rate at which the exchange rate is depreciating is above the rate at which interest rates are decreasing. While **Graph 1b** reflects that inflation, done on a month over month basis, has been relatively unstable, however, the monthly change for the last three months has been approximately the same as at the start of 2014.

There does not seem to be any link in the monthly changes in the inflation rate with the changes in the

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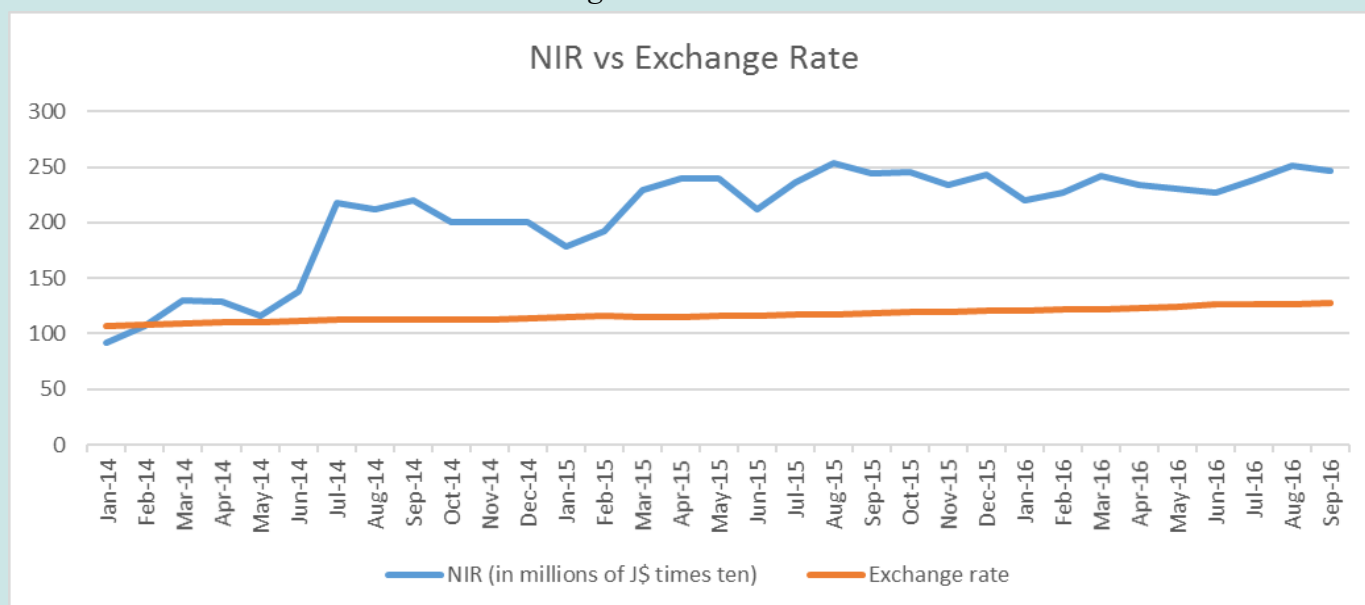
Debt vs Exchange Rate



Graph 2

Graph 2 shows the movement of the Exchange rate to 2015, however, this did not affect the exchange rate the movements in total internal debt. Per economic theory, all things being equal, a reduction in debt should improve the value of a country's currency. As seen in the graph the country experienced a sharp decrease in debt moving from June 2015 to July 2015.

Net International Reserves Balance vs Exchange Rate

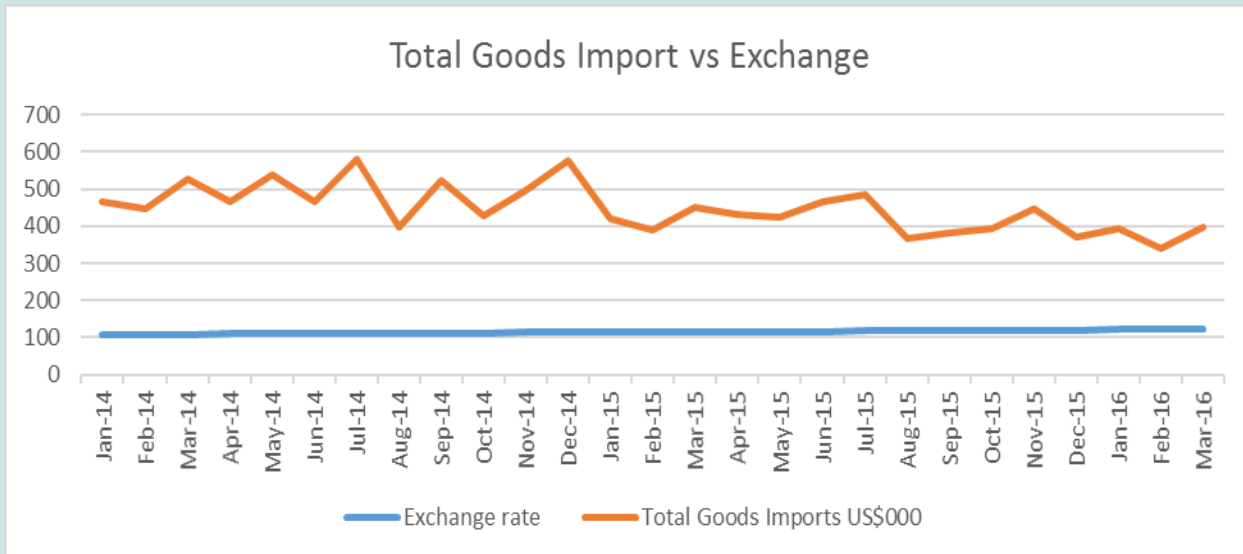


Graph 3

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Graph 3 shows the movements in the Net International Reserves verses the movements in the exchange rate. Between January 2014 and September 2016 Jamaica’s Net International Reserves have improved.

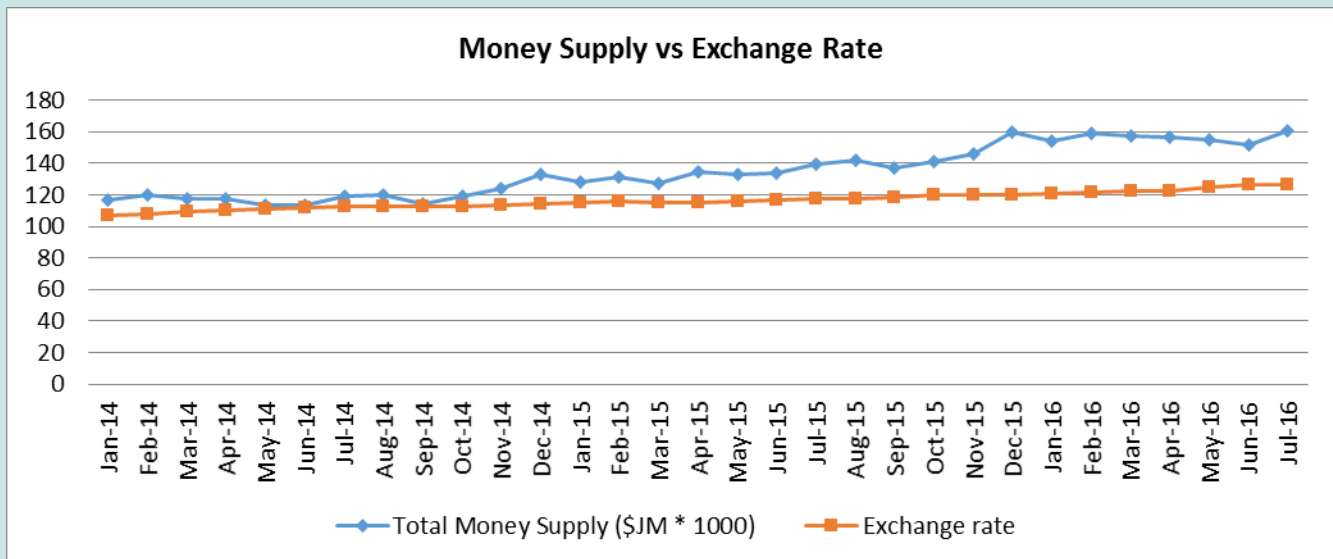
Total Goods Import vs Exchange Rate



Graph 4

Graph 4 shows the movements in the total goods import verses the exchange rate. There has been a reduction in total goods import between January 2014 – March 2016.

Money Supply vs Exchange Rate



Graph 5

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Graph 5 shows the movement in money supply and increasing, the interest rate is decreasing and value of inflation. the dollar is depreciating.

Jamaica's money supply has increased over the years. From the brief analysis, there is an indication that one Increase money supply followed by low interest rates of the causes of the devaluation of the dollar may be is normally viewed as an expansionary money supply as a result of monetary policy used by the policy. An expansionary monetary policy typically government. Although expansionary monetary policy will involve lower interest rates, which make it is expected to lead to depreciation of the dollar, the cheaper to borrow and encourage both consumption magnitude and length of the effect cannot be and investment accompanied by increased money determined. The interaction of different economic supply. In many circumstances an increase in the components will determine the effect of the money supply could lead to depreciation in the expansion as it relates to time, length and any other exchange rate which would be as a result of an aspect. The other components, debt, NIR and total increase in inflation. goods import have improved over the years.

An increase in the money supply does not necessarily lead to depreciation. However, in Jamaica's case historical records show that while money supply is

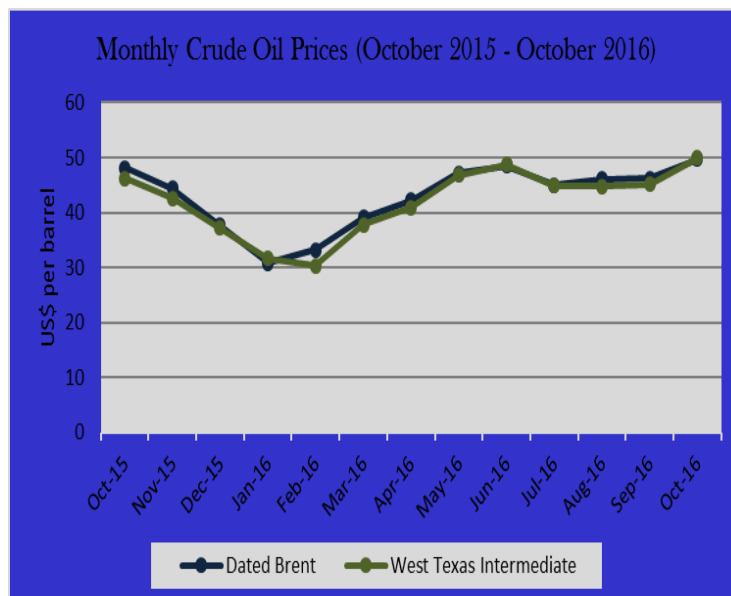
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Crude Oil Prices

For the month ending October 2016, the average price of both the Dated Brent and the West Texas Intermediate (WTI) increased. The Brent ended the month of October at **US\$49.73 per bbl**. This represented a **US\$3.54** or **7.66%** increase from the **US\$46.19 per bbl** recorded for the previous month. The West Texas Intermediate (WTI) ended the month at **US\$49.89**. This represented a **US\$4.72** or **10.45%** increase relative to last month. A one-year comparison of prices revealed that this year's price for the Brent is **3.346%** or **US\$1.61 per bbl** higher. When compared to last year's price, this year's WTI price is **7.987%** or **US\$3.69** higher. When compared to the price level two years ago both the Brent and WTI are **43.02%** and **40.89%** respectively below. The 5-year average of prices ranging from October 2011 to September 2016 for the Dated Brent and the West Texas Intermediate are **US\$86.20 per bbl** and **US\$77.68 per bbl** respectively. This month's price was **42%** below the 5-year average of prices for the Brent and **35.77%** for the WTI.

The US Energy Information Administration (EIA) released its third quarter Short-Term Energy Outlook in November. According to the outlook Brent crude oil prices are expected to average close to \$48/ barrel (b) in the fourth quarter of 2016 and in the first quarter of 2017. EIA forecasted Brent prices to average \$43/b in 2016 and \$51/b in 2017. In addition to this, West Texas Intermediate (WTI) crude oil prices are expected to average about \$1/b less than Brent prices in 2017.



Natural Gas

For the month ending October 2016, natural gas price increased. The price for natural gas ended at **US\$2.95** per million metric which represented a **US\$0.02** or **0.67%**. In October 2015, natural gas per million metric was valued at **US\$2.32** signifying that this year's price is **US\$0.63** or **27.16%** lower. A two-year comparison revealed that natural gas prices have decreased by **US\$0.82** or **21.75%** per million metric. The five-year average monthly price for natural gas ranging from October 2011 to September 2016 is **US\$3.21** per million metric, hence, this year's October price was **US\$0.2567** or **8.004%** below.

The US Energy Information Administration (EIA) forecasted that total natural gas consumption in the US will average \$2.50/million British thermal units (MMBtu) in 2016 and \$3.12/MMBtu in 2017. According to the EIA third quarter Short-Term Energy Outlook growing US natural gas consumption, along with higher pipeline exports to Mexico and liquefied

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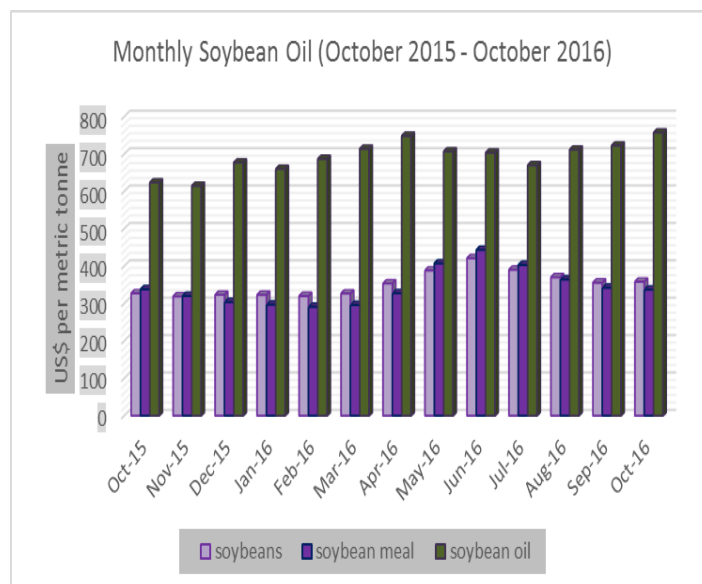
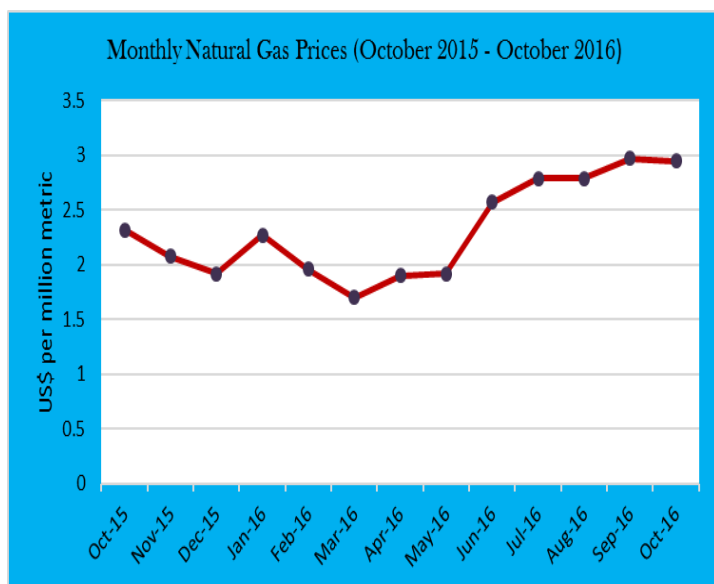
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natural gas exports, contributed to the Henry Hub natural gas spot price forecast rising.

Soybean Prices

For the month ending October 2016, soybean price per metric tonne was **US\$358.39**. This denoted a **US\$2.49 or 0.70%** increase from September's value of **US\$355.9** per metric tonne. In October, this year, the average price of soybean meal decreased while the average price of soybean oil increased. Soybean meal prices decreased for the fourth month to end the month at **US\$337.12** per metric tonne. This represented a decrease of **US\$5.13 or 1.50%**. At the end of October, the price per metric tonne for soybean oil stood at **US\$757.26** representing a **US\$34.65 or 4.80%** increase compared to the previous month. A one-year comparison revealed that prices for soybean increased by **9.459%** or **US\$30.97**. This month soybean price was **US\$3.95 or 1.114%** higher than its price two years ago. When compared to the corresponding period last year the soybean meal price

was **US\$1.09 or 0.3223%** below. However, soybean oil price was above last year's price by **US\$133.45 or 21.39%**. A two-year comparison of prices for soybean meal revealed that this year's price is below the two year price by **US\$41.7 or 11.01%**. When the October 2016 soybean oil price was compared to corresponding period in 2014 this year's price is **US\$35.88 or 4.974%** above. The five-year average monthly price for soybean meal ranging from October 2011 to September 2016 is **US\$423.56** per metric tonne, which means that October's price was **US\$86.44 or 20.41%** lower. The five-year average monthly price for soybean oil ranging from October 2011 to September 2016 is **US\$890.75** per metric tonne, which means that October's price was **US\$133.49 or 14.99%** lower.

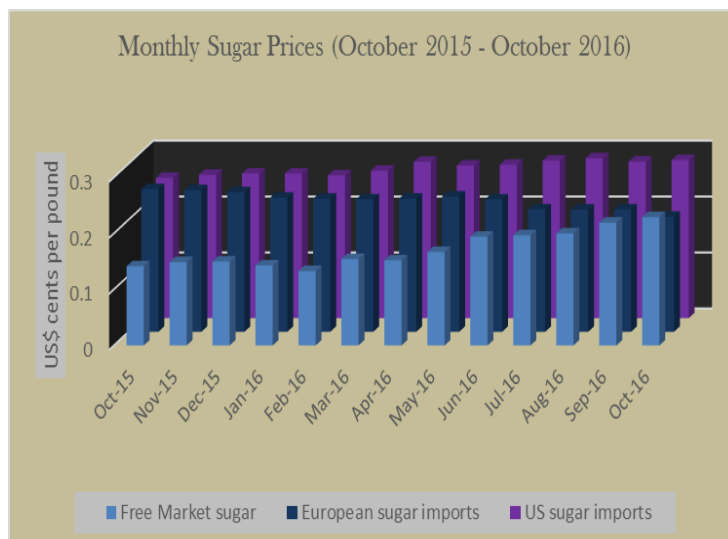
Sugar Prices

At the end of October 2016, the average price of the Free Market Sugar ended at **US\$0.2292** cents per pound. This represented an increase of **US\$0.0098** or

International Commodity Prices

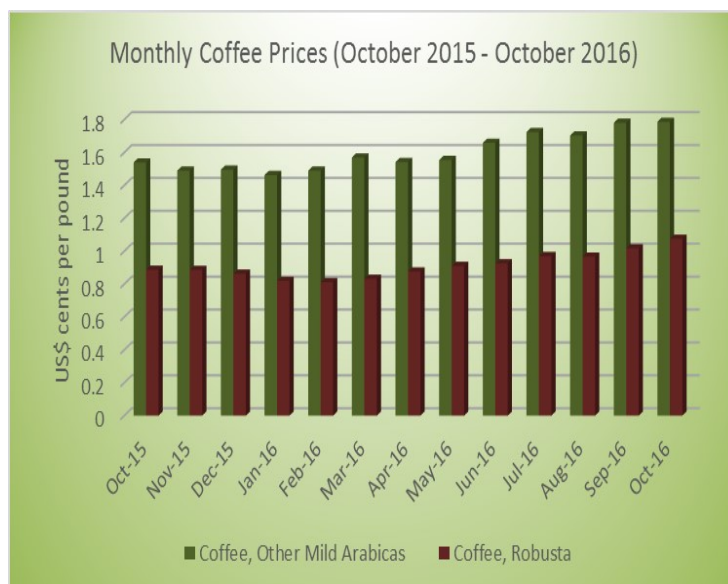
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4.47% when compared to September 2016. For the US Sugar imports, the average price increased from **US\$0.2795** in September to **US\$0.2823** in October. This represented an increase of **US\$0.0028** or **1.00%** cents per pound. At the end of October 2016, the European Sugar imports ended the month at **US\$0.2053** cents per pound. This represented a **US\$0.0132** or **6.04%** decrease compared to the previous month. For the period October 2016 relative to October 2015, the price of Free Market sugar increased by **US\$0.0878** or **62.09%** cents per pound. A one-year comparison revealed that the price of the US Sugar imports has increased by **US\$0.0319** or **12.74%**, while the European sugar import price has decreased by **US\$0.0497** or **19.49%**. In October 2014 the price for the Free Market sugar was **US\$0.1648** cents per pound, which means that this year's October price is **US\$0.0644** or **39.08%** higher. The price of the US sugar imports is **US\$0.0162** or **6.088%** higher than the 2014 price while the price of the European Sugar imports is **US\$0.0618** or **23.14%** lower than the 2014 price. The 5-year average of prices ranging from October 2011 to September 2016 for the US imports and the European imports are **US\$0.25927** cents per pound and **US\$0.2582** cents per pound respectively. Hence, the price of US imports is above its long-term average by **8.883%**, while the European imports is below its average by **20.49%**.



Coffee Prices

For the month ending October 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\$1.7862** cents per pound representing an increase of **US\$0.0055** or **0.31%**. A one-year comparison revealed that this month's price was **US\$0.2474** or **16.077%** higher than last year's October price. Robusta Coffee ended the month at **US\$1.0753** cents per pound. This month's price is above the previous month's price by **US\$0.0576** or **5.66%**. A one-year comparison



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revealed that the price of coffee in the Robusta category has increased by **US\$0.1886** or **21.27%**. A two-year comparison revealed that prices have fallen by **21.33%** for coffee of the 'Other Mild Arabica's category and by **1.70%** for coffee in the Robusta category. The five-year average monthly prices ranging from October 2011 to September 2016 for Arabica and Robusta are **US\$1.765** and **US\$1.01** respectively. This implies that this year's October price for the Arabica was **2.131%** higher than the average price and the Robusta coffee it was **6.217%** higher than its average price.

Cocoa Bean Prices

For the month ending October 2016, cocoa bean prices continued to decrease for the fourth month in a row. Prices decreased by **US\$169.84** per metric tonne or **5.89%** to close at **US\$2,711.35** per metric tonne. A one-year comparison revealed that this year's price is lower by **US\$485.99** or **15.20%**. A two-year price comparison showed that the October 2016 price for cocoa beans is lower by **US\$389.48** or **12.56%** than its price in October 2014. The five-year average of monthly prices ranging from October 2011 to September 2016 for cocoa bean is **US\$2,779.59** per



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metric tonne, this means that this year's October price was **US\$68.24** or **2.455%** lower.

Orange Prices

For the month ending October 2016, orange prices increased. Prices increased by **1.33%** or **US\$14.01** per metric tonne to end at **US\$1,064.66** per metric tonne relative to September. When compared to the same period in 2015, this year's price was **US\$403.97** or **61.14%** higher. A two-year comparison revealed that prices have risen by **US\$332.51** or **45%**. The five-year average monthly price ranging from October 2011 to September 2016 is **US\$822.94**, indicating that this month's price was **US\$241.72** or **29%** higher.

Monthly Cocoa Beans Prices (October 2015 - October 2016)



Banana Prices

Banana prices for the month ending October 2016 decreased to **US\$976.39** per metric tonne. This represented a decrease of **US\$36.92** or **3.64%** relative to the previous month. For October 2016, relative to

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October 2015, banana prices increased by **US\$42.81** or **4.58%** per metric tonne. A two-year comparison revealed that this year's price is above the October 2014 price of **US\$922.41** per metric tonne by **US\$53.98** or **5.852%**. The five-year average monthly prices ranging from October 2011 to September 2016 is **US\$960.165**, this means that this year's price was **US\$16.225** or **1.69%** above.

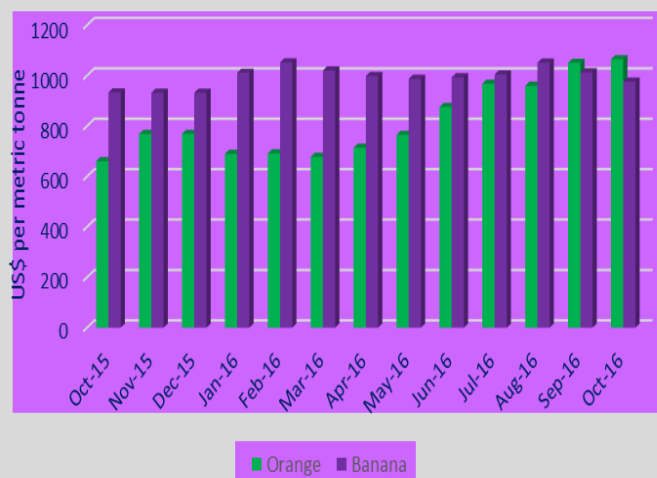
Corn Prices

For the month ending October 2016, corn prices increased. Prices increased by **US\$4.15** or **2.80%** relative to September, to close the month at **US\$152.58** per metric tonne. Between October 2015 and October 2016 prices decreased by **US\$18.81** or **10.97%**. A two-year price comparison showed that this year's price was **US\$10.73** or **6.57%** lower. The five-year monthly average for corn prices ranging from October 2011 to September 2016 is **US\$221.68** per metric tonne, this means that this year's price was **US\$69.11** or **31.17%** lower.

Wheat

For the month ending October 2016 wheat prices decreased for the seventh month in a row. This time prices decreased by **US\$0.68** or **0.55%** relative to September 2016 to end at **US\$122.52** per metric tonne. Relative to October 2015, prices have fallen by **US\$42.87** or **25.92%** per metric tonne. A two-year comparison of wheat prices showed that this year's October price was **US\$90.26** or **42.42%**

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



below the October 2014's price. The average five-year monthly prices ranging from October 2011 to September 2016 is **US\$247.20** per metric tonne, meaning that this year's October price was **US\$124.68** or **50.44%** below.

Rice

For the month ending October 2016 the price of the 5 percent broken milled white rice ended at **US\$367.67** per metric tonne. This value was **US\$16.33** or **4.25%** below the **US\$384** in September this year. This month's price is above the October 2015 price by **US\$7.22** or **2.003%**. A two-year comparison revealed that the commodity's price was **US\$65.03** or **15.03%** lower than its price in 2014. The five-year monthly price average for rice prices ranging from September 2011 to October 2016 is **US\$470.37** per metric tonne, indicating that October's price was **US\$102.70** or **21.83%** below the long term average.

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Beef Prices

In October 2016, the beef prices decreased. Prices decreased by **US\$0.0213** or **1.16%** when compared to September, to close at **US\$1.8076** cents per pound. When compared to October 2015, prices have fallen by **US\$0.0379** or **2.054%** cents per pound. In October 2014 prices were **US\$2.6693** cents per pound hence this year's price was **US\$0.8617** or **32.28%** below the 2014 price. The five-year average for prices ranging from October 2011 to September 2016 is **US\$1.95** cents per pound indicating that this month's price was **US\$0.143185** or **7.34%** below.

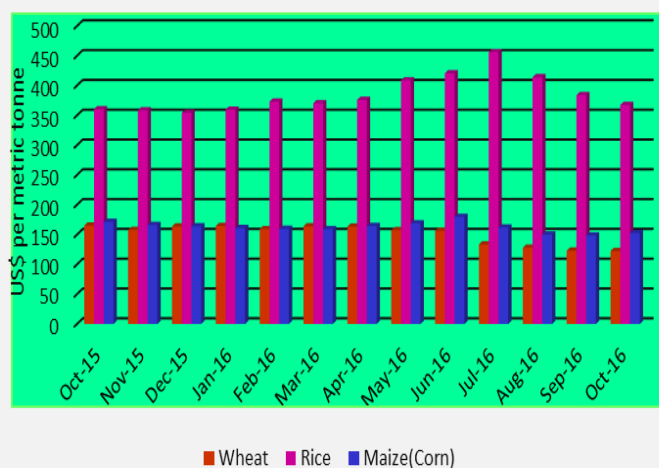
Swine (Pork) Prices

For the month ending October 2016 the price of pork declined relative to the previous month. The price of pork was **US\$0.5023** cents per pound. This represented a **US\$0.0848** or **14.44%** decrease from September's price of **US\$0.5871**. This is the largest percentage decrease since December last year. When compared with October 2015, prices decreased by **US\$0.2101** or **29.49%**. Prices are below the price level 2-years ago by **US\$0.5167** or **50.71%**. It is also below the 5-year average of **US\$0.82355** for prices ranging from October 2011 to September 2016 by **US\$0.32125** or **39.01%**.

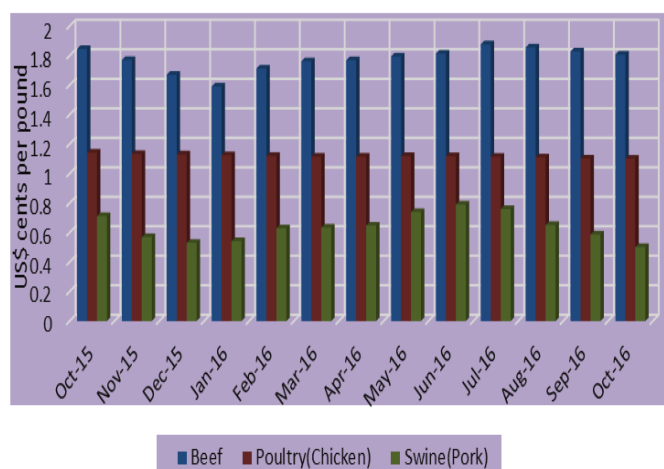
Poultry Prices

For the month ending October 2016 chicken prices

Monthly Cereal Price (October 2015 - October 2016)



Monthly Meat Prices (October 2015 - October 2016)

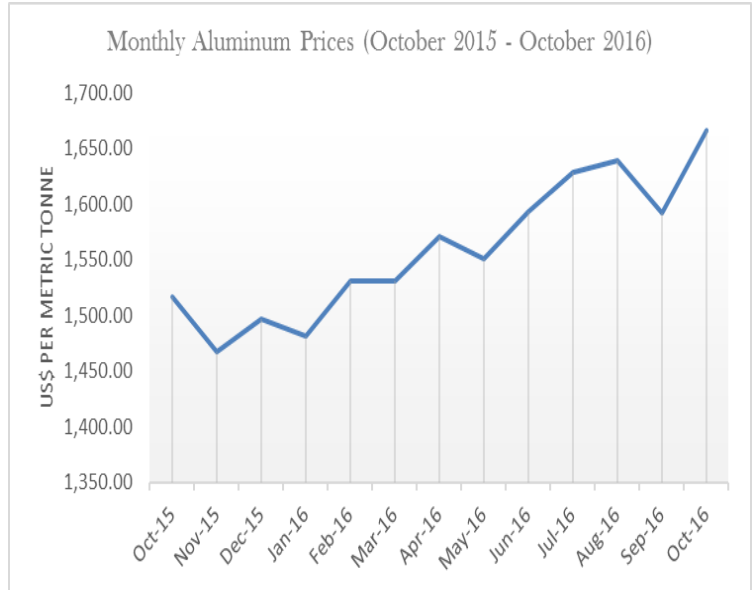


continued to decrease this time for the fifth month in a row. At the end of the month chicken was valued at **US\$1.1018** cents per pound, representing a decrease of **US\$0.0007** or **0.06%** from September. The price in October 2016 was approximately **US\$0.0409** or **3.579%** lower than the October 2015 price. In October 2014, the price for poultry was **US\$1.1389** cents per pound, indicating that this year's price was **US\$0.0409** or **3.579%** lower. The average monthly price ranging from October 2011 to September 2016 is **US\$1.058** cents per pound, this means that this year's price was

US\$0.0438 or 4.145% more.

Aluminum Prices

The price of aluminum increased in October relative to September this year. Prices increased by US\$73.54 or 4.62% to end the month at US\$1,665.90 per metric tonne. For October 2016 relative to October 2015, prices increased by US\$149.41 or 9.852% per metric tonne. A two-year comparison revealed that this year's price was US\$280.29 or 14% below the price for the corresponding period in 2014. The five-year average for monthly prices ranging from October 2011 to September 2016 for aluminum is US\$1,820.39 per metric tonne, this means that this year's October price was US\$154.49 or 8.486%



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Impact of global prices on Jamaica

There were price reductions observed in **47.61% (10)** of the commodities monitored for October 2016. Both the price of Brent and the WTI increased for the period October relative to September. The Brent moved up by **7.66%** and the WTI increased by **10.45%**. Natural gas price decreased by 0.67% for the period October over September. The IMF's Fuel Energy index increased by **10.07%**, and the Food and Beverage Index increased by **0.7112%**. The all commodity price index decreased by **5.717%**.

The Food and Agriculture Organization of the United Nations (FAO) Food Price Index (FFPI) averaged 172.6 points in October 2016, up 1.2 points (0.7%) from September and 9.1% above the corresponding month last year. Except for a short-lived drop in July, the Index has risen continuously since the start of the year. The FAO Cereal Price Index averaged 142.3

points in October, up 1.4 points (1.0%) from September and 9.6 percent below the previous year's level. The rise in October marked the first month-on-month increase after three months of decline. The FAO Meat Price Index averaged 63.4 points in October, down 1.7 points (1%) from its revised value for September. A decline in EU export prices for pigmeat, stemming from excess domestic supplies and a slackening in import demand from China, was the principal cause of the Index's decline. The FAO sugar price index averaged 315.3 points in October, up 10.5 points (3.4%) from September, the sixth consecutive monthly increase. The latest gain in international sugar prices was largely on the back of reports of a lower than expected harvest in the Centre South main producing region in Brazil, the world's largest sugar producer and exporter, as drier than normal weather affected sugarcane production.

Commodity	Unit	September Price	October Price	Monthly Change %
Aluminum	Metric tonne	1592.36	1665.9	4.62
Bananas	Metric tonne	1013.31	976.39	-3.64
Beef	Pound	1.8289	1.8076	-1.16
Cocoa Beans	Metric tonne	2881.19	2711.35	-5.89
Coffee-Arabicas	Pound	1.7807	1.7862	0.31
Coffee-Robusta	Pound	1.0177	1.0753	5.66
Corn-Maize	Metric tonne	148.43	152.58	2.8
Natural gas	MMBTU	2.97	2.95	-0.67
Crude Brent	Barrel	46.19	49.73	7.66
Crude West Texas Intermediate	Barrel	45.17	49.89	10.45
Oranges	Metric tonne	1050.65	1064.66	1.33
Pork (Swine)	Pound	0.8285	0.5023	-14.44
Poultry	Pound	1.1025	1.1018	-0.06
Rice	Metric tonne	384	367.67	-4.25
Soybean	Metric tonne	355.9	358.39	0.7
Soybean meal	Metric tonne	342.25	337.12	-1.5
Soybean oil	Metric tonne	722.61	757.26	4.8
Sugar (free market)	Pound	0.2194	0.2292	4.47
Sugar US (Import)	Pound	0.2795	0.2823	1
Sugar European (Import)	Pound	0.2185	0.2053	-6.04
Wheat	Metric tonne	123.2	122.52	-0.55

Monthly Inflation Rate and Treasury Bill Rates

Monthly Inflation Rate

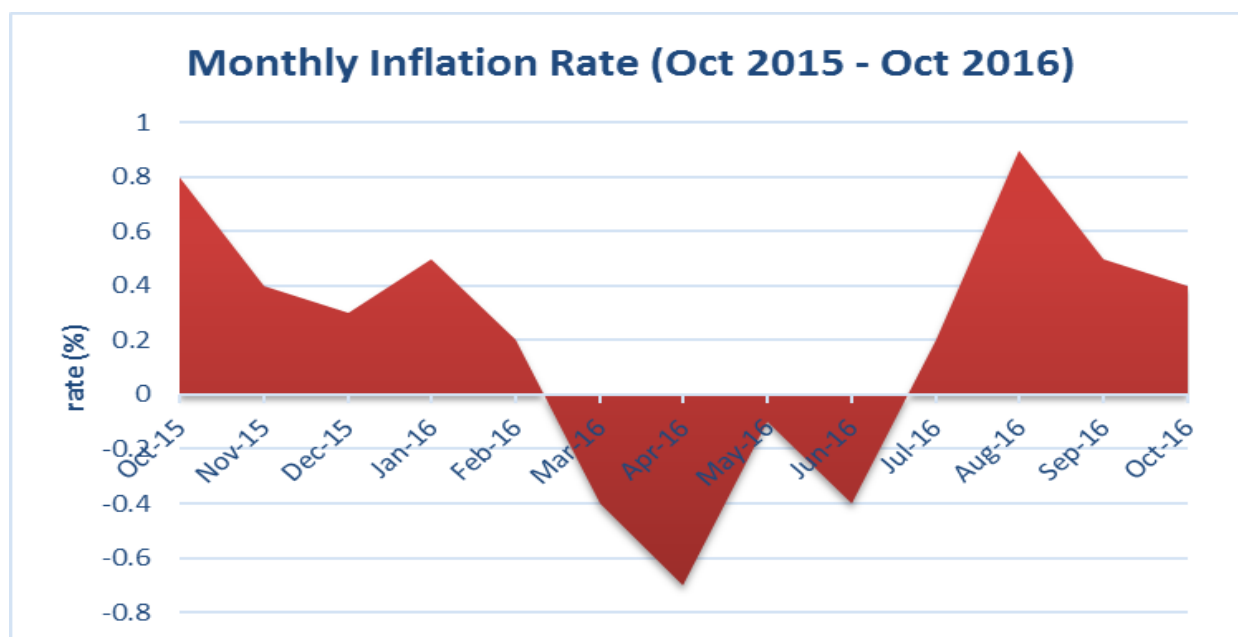
Inflation, measured by the All Jamaica “All Divisions” Consumer Price Index (CPI) increased by **0.2%** for the period October 2016 over September 2016. The increase in the rate for October brought inflation for the calendar year to date to **1.1%**. The increase in the rate for October 2016 over September 2016 brought inflation for fiscal year to October to **2.4%**. The 12-month point to point rate at the end of October 2016 was **1.8%**.

According to the Statistical Institute of Jamaica, the outturn for the month was largely influenced by an increase of 0.5% in the division ‘Food and Non-Alcoholic Beverages’. The increase in this division was primarily due to an increase of 1.6% in the subdivision ‘Vegetables and Starchy Foods’ due to

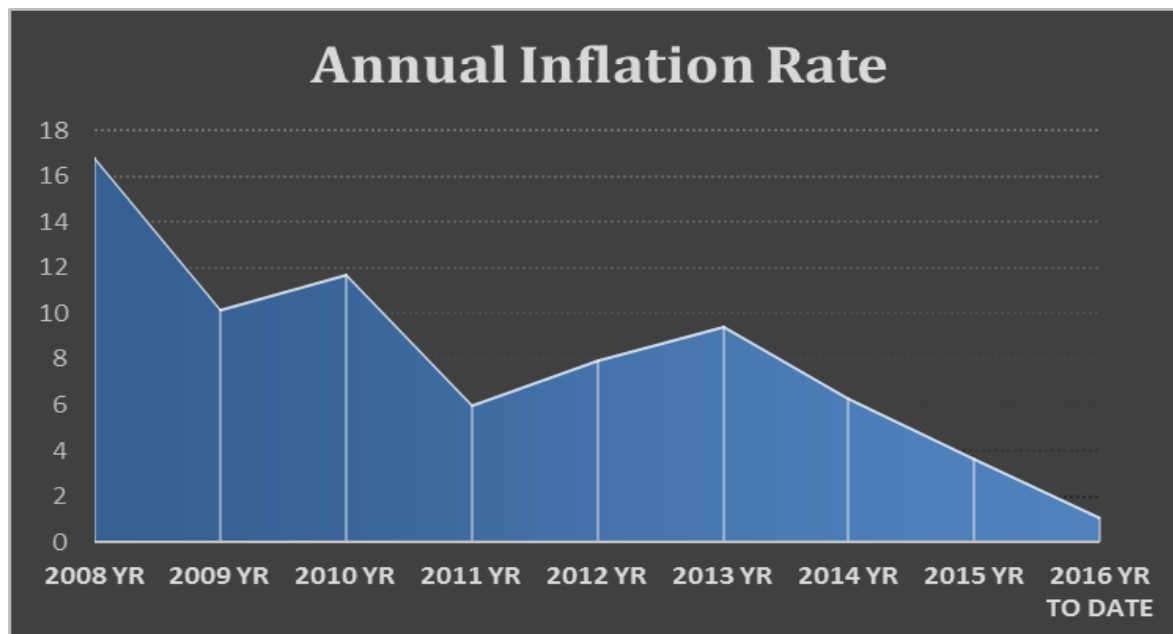
higher prices for items within that class. Another influential increase was seen in the division of ‘Transport’ of 1.6%. The movement for the division ‘Transport’ was mainly attributable to higher prices for petroleum locally.

The only decline was seen in division ‘Housing, Water, Electricity, Gas and Other Fuels’ of 0.5% for September over October. This was because of lower electricity rates charged to consumers in the month of October.

Inflation in all the three regional areas increased for the month of October 2016 relative to August 2016. Inflation in the Greater Kingston Metropolitan area (GKMA), Other Urban Centers (OUC) and Rural Areas increased by 0.3%, 0.2% and 0.2%, respectively.

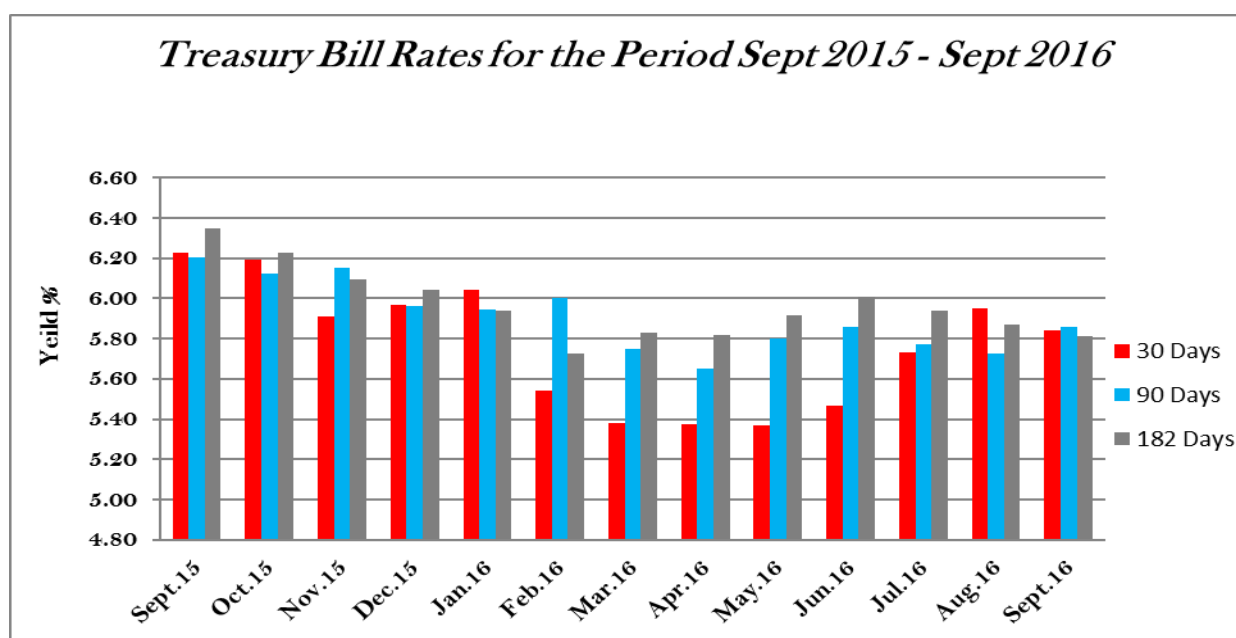


Monthly Inflation Rate and Treasury Bill Rates



Treasury Bill Rate

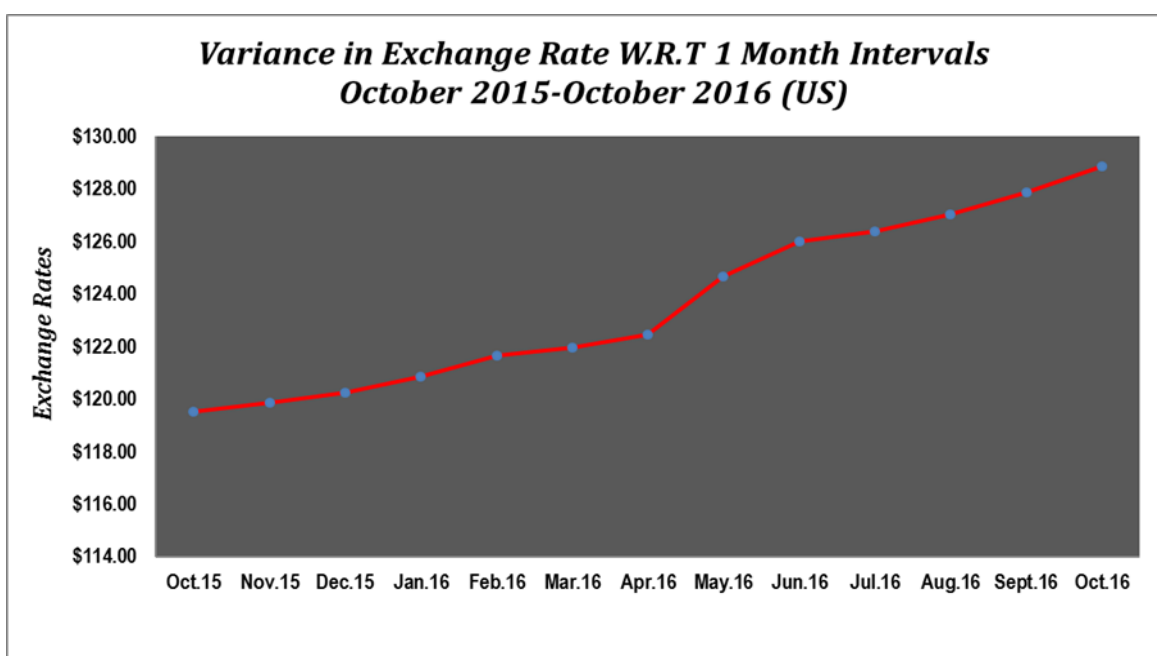
For the month of September 2016 relative to the previous month, yields on the Government of Jamaica 30-day and 182-day treasury bills decreased by **11bps** and **6bps**. Yields on the 90-day treasury bill, however, increased by **13bps** for the same period. For the period September 2016 in comparison to September 2015, yields on GOJ treasury bills recorded decreases of **39bps**, **34bps** and **54bps** for the 30-day, 90-day and 182-day treasury bills respectively. Similarly, a two-year comparison showed decreases in the rate of **105bps**, **161bps**, and **219bps** on the yields of the 30-day, 90-day, and 182-day.



Monthly Exchange Rates Update

JMD:USD

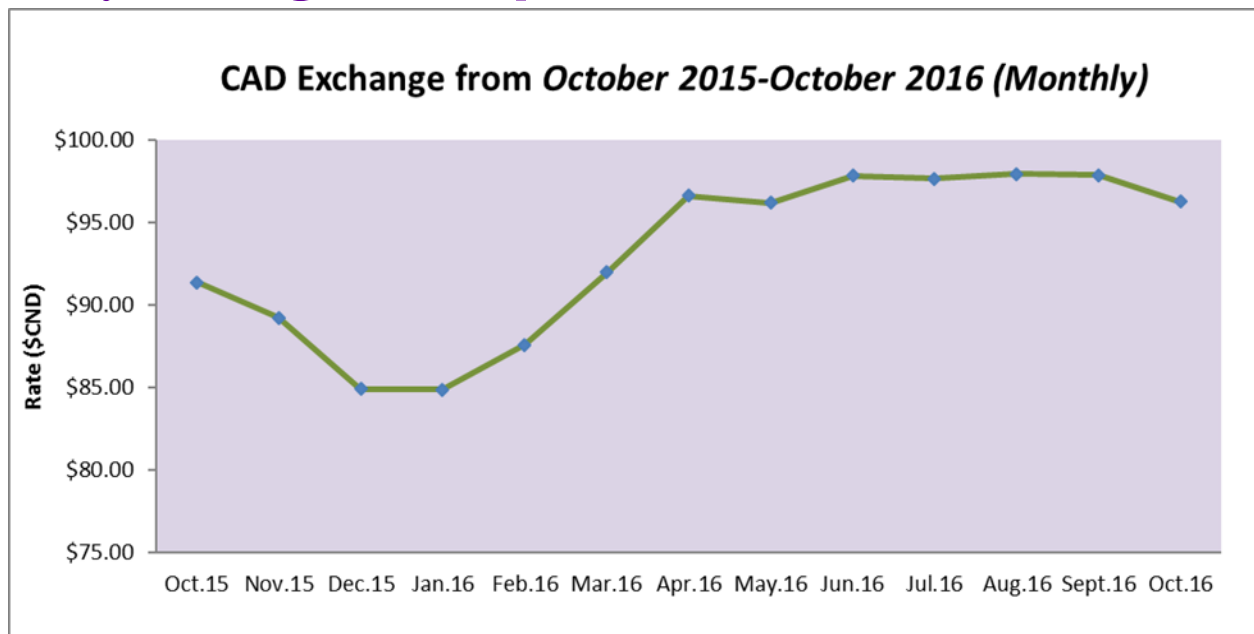
In analysis of the exchange rates over the period September 2016 to October 2016, the monthly average value of the Jamaican dollar depreciated by **\$0.98** or **0.7664%** relative to the US dollar. As a result, the exchange rate progressed to settle at **US\$1.00=J\$128.85**. A one-year comparison revealed depreciation in the currency ratio of J\$9.33, resulting in an overall increase in the value of the \$US by 7.806%. 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 J\$16.2 (percentage increase of 14.38).



JMD:CAD

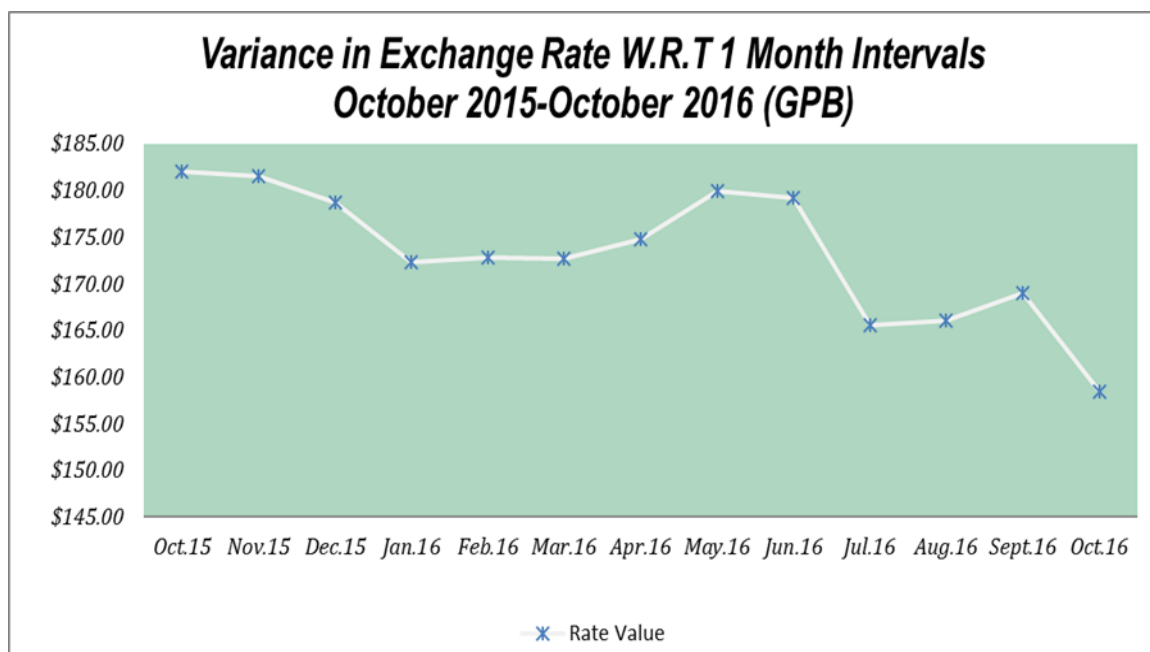
In relation to the exchange rate recorded for the month of October 2016, calculations accentuated the fact that the Jamaican dollar appreciated by **1.645%** (**\$J1.61**) relative to the previous month, September. In this regard the value of the Jamaican dollar to the CAD dollar at the end of October was **CAD\$1.00=J\$96.24**. The exchange rate of October 2016 was further set side by side with the rate 1 year earlier (October 2015) which revealed that the value of the Jamaican dollar slid by J\$4.88 or 5.341%. Furthermore, calculations comparing the exchange rate values for October 2016 and October 2014 made clear the overall appreciation of the dollar over the 2-year period. This conclusion was made because of the difference in the value of the dollar of \$J4.56 (appreciation of 4.523%).

Monthly Exchange Rates Update



JMD:GBP

The exchange rate's monthly variance of **J\$10.57** was seen to exist within the boundaries of September 2016 and October 2016, this indicates that the Jamaican dollar appreciated by some **6.256%**. The exchange rate at end October was **GPB1.00=J\$158.37** in comparison to the previous month GPB1.00=J\$168.94. The annual comparison of the exchange rates for the months October 2015 and October 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\$23.67 (13.00%). Further investigation of the exchange rate extending to October 2014 showed that the cost of the Pound decreased by J\$22.34 or 12.36%.



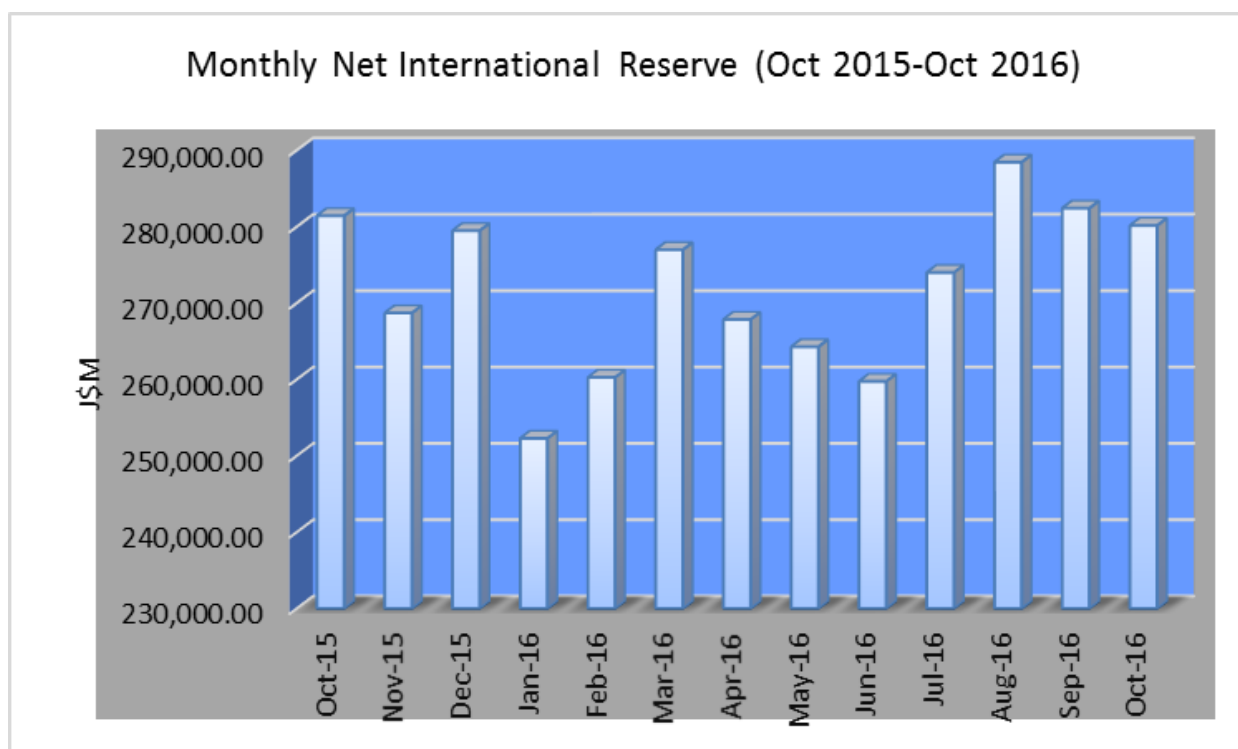
Net International Reserves & Money Base

October 2016 Issue

Net International Reserves

Data for the month ending October 2016 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was **J\$280.14** billion (US\$ **2,443.23** million). This reflected a decrease of **J\$2.27** billion (US\$**19.78** million) relative to September 2016. The change in the NIR for the month was due to a decrease in both foreign assets and foreign liabilities. Under the category of foreign asset, all sources decreased. Securities decreased by **US\$0.71** million, SDR & IMF Reserve Position decreased by **US\$4.47** million and Currency and Deposits decreased by **US\$23.58** million to end the

month with total foreign asset **US\$3,027.40** million. This represented a total decrease of **US\$28.76** million. Under foreign liabilities, IMF expenditures decreased while Other expenses remained unchanged; Payments to IMF decreased by **US\$8.98** million which was the total increase in foreign liabilities. Foreign liabilities for the month ending was **US\$584.17**. At the end of October, the gross reserves were sufficient to finance **35.32** weeks of goods imports which represented **23.32** weeks over the international benchmark of **12** weeks of goods imports

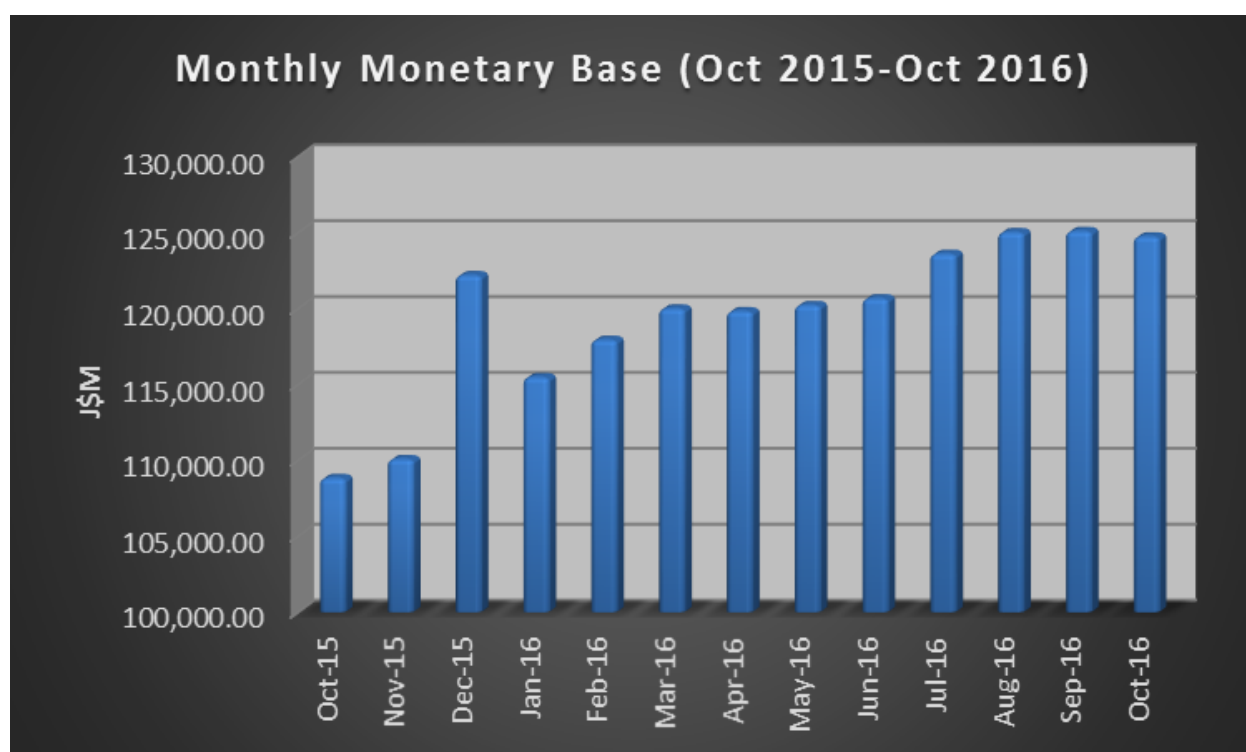


Net International Reserves & Money Base

October 2016 Issue

Monetary Base

The monetary base decreased by **JS\$0.348** billion to **JS\$124.76** billion for October 2016 relative to September this year. The change in the base reflected decreases in Net Currency Issue and the Commercial Banks' Current Account while an increase was seen in the Commercial Banks' Statutory Reserves. Net Currency Issue decreased by **JS\$0.563** billion to end at **JS\$82.38** billion and the Commercial Banks' Current Account decreased by **JS\$0.166** billion to a total of **JS\$0.353** billion. The Commercial Banks' Statutory Reserves increased by **JS\$0.380** billion to a total of **JS\$42.025** billion.



Remittance Inflow Update

October 2016 Issue

At the end of June 2016 gross remittance inflows were **US\$195.0 million**. This represented an increase of **0.257%** or **US\$0.5 million** relative to the **US\$194.5 million** recorded May. When compared to the corresponding month of the previous year gross remittance increased by **US\$6.6 million** or **3.5%**. For June 2016, net remittances were **US\$174.5 million**, reflecting a decrease of **US\$3.2 million** or **1.80%** relative to May this year. When compared to the corresponding period of 2015, net remittances increased by **US\$1.2 million** or **0.7%**. Total net remittances for January to June were **US\$1 011.8 million**, which represented a growth of **US\$26.3 million** or **2.7%** relative to the corresponding period of 2015. Total remittance inflows for the first quarter of 2016 was **US\$1 129.5 million**, representing an increase of **US\$36.4**

million or **3.3%** relative to the previous year. These inflows were above the average of **US\$1 036.0 million** for the previous five corresponding periods. The increase in total remittance inflows reflected an increase of **US\$19.6 million** or **2.1%** inflows through remittance companies and an increase of **US\$16.8 million** or **11.5%** in Other Remittances.

For the fiscal year 2015/16 to June, total remittance inflows increased by **\$27.2 million** or **4.8%** to **US\$592.2 million** relative to the corresponding period of last year. Net remittance inflows also increased for the fiscal year 2015/16 to June relative to last year. Net remittance inflow rose by **US\$21.1 million** or **4.1%** to **US\$535.7 million** relative to the corresponding period of the last fiscal year.

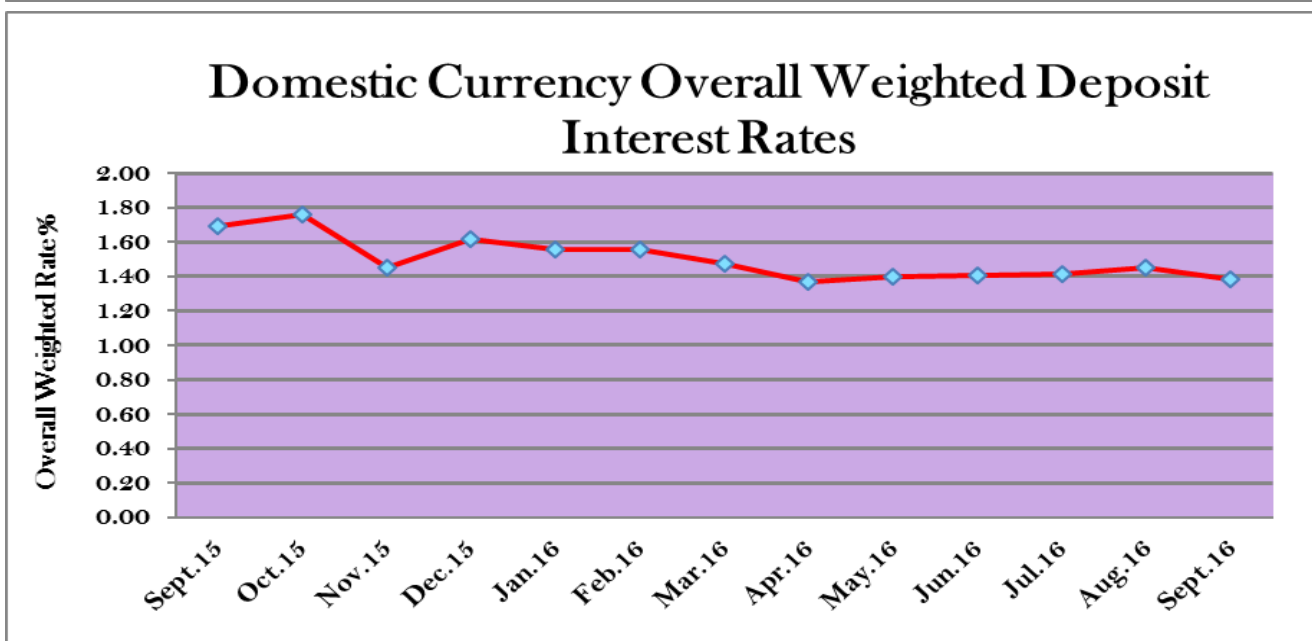
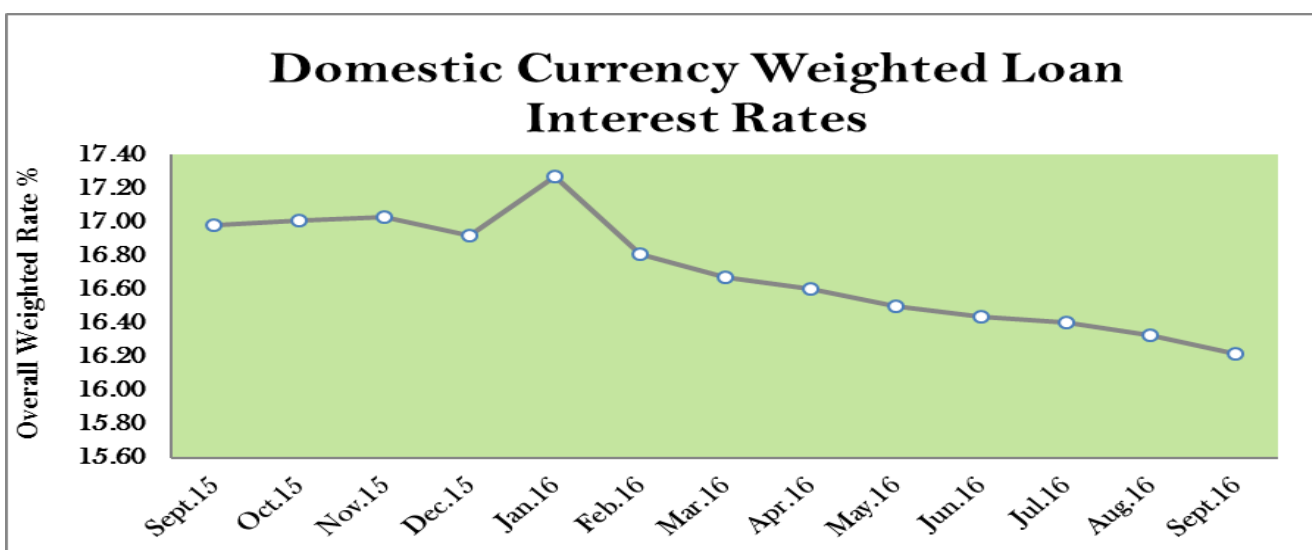
JAMAICA'S REMITTANCES				
(US\$MN)				
	2015 June	2016 June	Change	% Change
Total Remittance Inflows	188.4	195	6.6	2.8
Remittance Companies	166	164.8	-1.2	-0.7
Other Remittances	22.5	30.2	7.7	34.2
Total Remittance Outflows	15.2	20.5	5.3	34.7
Net Remittances	173.3	174.5	1.2	0.7

Interest Rates

October 2016 Issue

The overall weighted average lending rate on domestic currency loans decreased for September relative to August this year. The weighted average lending rate on domestic currency loans decreased by **11bps** to end the month at **16.22%** relative to 16.33% 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 Local Government & Other Public Entities of **21bps**, in Personal Credit of **18bps**, in Installment Credit of **9bps** and in Central Government of **5bps**. The impact of these decreases was offset by increases in Mortgage Credit of **10bps** and in Commercial Credit of **1bps**.

Meanwhile, the weighted average domestic interest rates on deposits for the month ending decreased by **7bps** for the period September relative to August. In this regard, weighted average domestic interest rates on deposits moved from 1.45% in August to 1.39% in September this year.

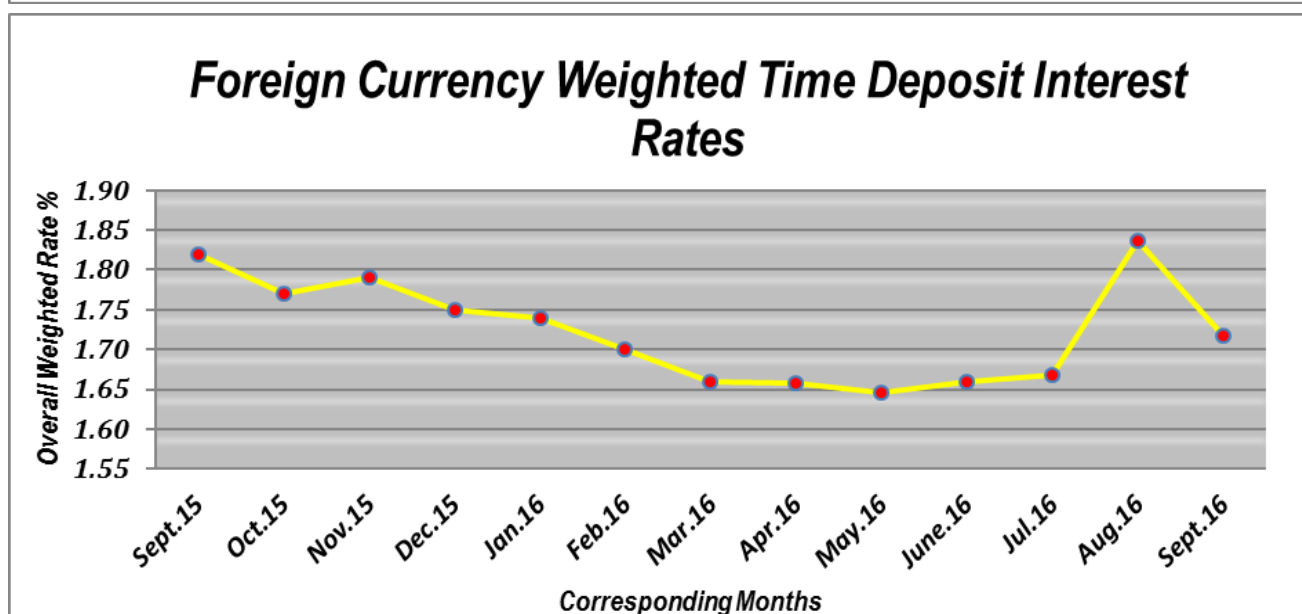
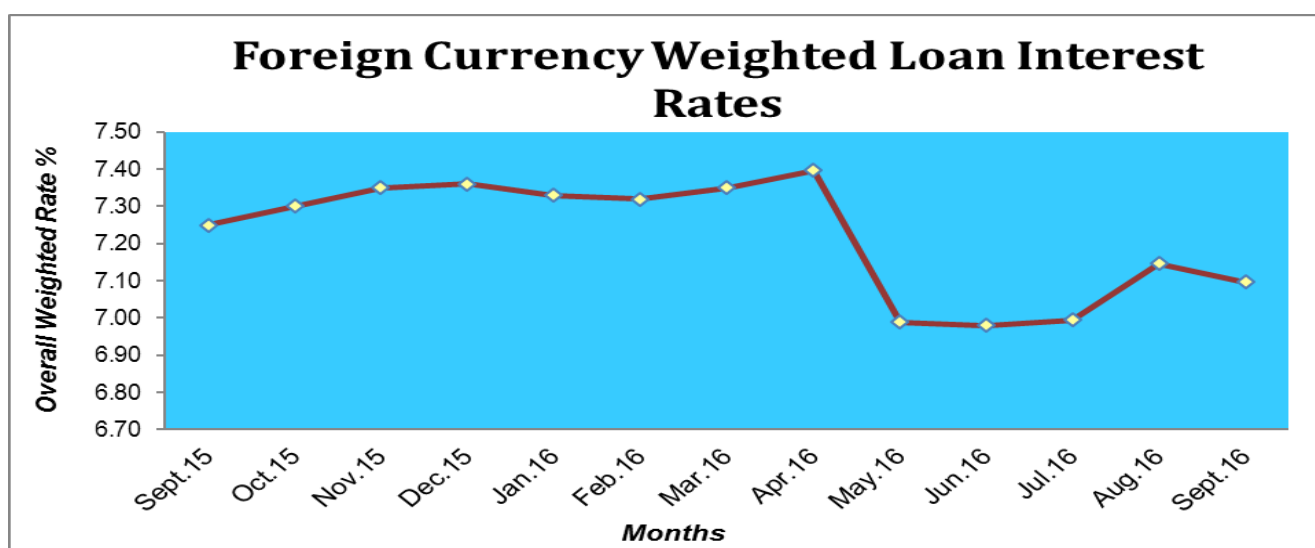


Interest Rates

October 2016 Issue

For September, this year foreign currency loans rate increased relative to August 2016. The foreign currency loan rate decreased by **5bps**. In this regard the rate moved from 7.15% in August to 7.10% in September. Of the loan types; three decreased, two increased while one remain the same. Decreases occurred in Mortgage Credit of **147bps** and Personal Credit of **23bps** and in Local Government and other Entities of **13bps**. Increases were recorded in Commercial Credit of **3bps** and Installment Credit of **2bps**. While Central Government remained unchanged.

Meanwhile the interest rates on foreign currency deposits decreased by **12bps** moving from 1.84% in August to 1.72% in September.



Tourism

October 2016 Issue

Stopover tourist arrivals for August 2016 were **169,023**. This month's total was **59,146** or **25.92%** lower than the **228,169** in July this year. August's total represented a decrease of **0.0236%** compared to the **169,063** recorded in the same month last year. For the four months of Summer 2016, May to August, arrivals were up 2.5%, with 759,164 stopovers compared to 740,436 in 2015. For the January to August period, arrivals increased by **2.4%**, with **1,532,272** stopovers compared to **1,496,899** in 2015.

For August 2016, the changes reflected in the total stopovers observed in the seven categories of destination varied. Out of the seven categories four recorded decrease in numbers while three recorded increases when compared to July 2015. Increases in arrivals were reflected in stopovers from the Asia, the Caribbean, and the United States with **8.8%**, **6.3%** and **0.6%** respectively.

The overall impact of increases was offset by decreases in arrivals from Latin America, Other

Countries and Asia. Stopover arrivals decreased by **8.7%**, **5.3%** and **3.9%** for the Other Countries, Latin America and Canada respectively. Of the Other Countries, once again Australia provided the most stopover arrivals to Jamaica, with 1,793 visitors in 2016 compared to 2,109 in 2015. A decrease of **0.3%** was also seen in stopovers from Europe. The market share for stopover visitors for the January to August 2016 was as follows: USA **65.8%**; Canada **16.7%**; UK **8.9%**; Continental Europe **3.9%**, the Caribbean **2.9%**; and the others, including Latin America and Asia **1.9%**.

A total of **99,677** cruise passengers visited Jamaica in August, 2016. This represented a **11,662** or **13.25%** overall increase compared to the **88,015** recorded in the previous month. For the corresponding period in 2015 total cruise passengers was **95,962** hence this year's total was **3.9%** more.

The January to August 2016 period saw **1,137,575** cruise passenger arrivals at the three major ports, an increase of **110,030** or **10.7%** compared to the corresponding period last year.



Stock Market Update

October 2016 Issue

On the last trading day in October 2016, for the period October 04, 2016 to October 31, 2016, the main JSE index advanced by **2,277.02 points** or **1.38%** to close at **166,759.27 points**. The JSE Combined Index advanced by **2,589.31 points** or **1.46%** to close at **179,679.75 points**. The JSE Junior advanced by **46.50 points** or **1.95%** to close at **2,436.40 points**. In contrast, once again, the JSE Cross Listed Index remained firm and closed the month at **499.06 points**.

Overall, the market activity in October resulted from trading in sixty-eight (**68**) stocks of which **34** advanced, **26** declined and **8** traded firm. In total **126,826,798.00 units** of stock were traded during the month, which had a total value of **JS\$1,387,277,386.87**. This resulted in market capitalization of **JS\$599,873,593,737.00 billion** as at end October 2016.

Mayberry Investments Limited was the volume leader for the month with **18,727,909 units** amounting to **14.76%** of the market volume. Second was Lasco Manufacturing Limited, which traded **9,683,149 units** amounting to **7.63%** of the

market volume. Next in line was Sagicor Group Jamaica Limited with a total of **8,878,041 units** amounting to **7.00%** of the market volume.

The top four advancing stocks for the month of July were the Seprod Limited (**13.64%**), Scotia Investments Jamaica Limited (**13.21%**), 138 Student Living Jamaica Limited (**9.98%**) and Supreme Ventures Limited (**9.68%**). The top four declining stocks were, Pulse Investments Limited (**15.38%**), Sagicor Group Jamaica Limited (**3.93%**), Jamaica Broilers Group Limited (**3.37%**) and Kingston Wharves Limited (**2.73%**).

For the calendar year to date, the top four advancing stocks were Palace Amusement (1921) Company Limited (**124.68%**), Berger Paints (Jamaica) Limited (**87.81%**), Caribbean Cement Company Limited (**62.11%**) and Jamaica Producers Group Limited (**58.52%**). Meanwhile, the top four declining stocks for the calendar year to date were Cable Wireless Jamaica Limited (**38.41%**), Ciboney Group Limited (**14.29%**), Mayberry Investments Limited (**10.80%**) and Sagicor Real Estate X Fund Limited (**7.82%**).

Previous Highlights: September 2016 Summary

October 2016 Issue

- On October 11, 2016 the Jamaica Chamber of Commerce released the third quarter 2016 business and consumer confidence indices. The Business Confidence Index was 139.2 in the 3rd quarter of 2016, barely below the 141.6 and 144.6 recorded in the prior two quarters, but 26% higher than last year's 110.6. Although the index has decreased from last quarter optimism among Jamaica's firms has been at its highest since the start of 2016 during the 15 years of the survey. According to Mr. Anderson firms have maintained their optimism that the new Government programmes will establish renewed economic growth, which will result in increased profits. The consumer Confidence Index was 151.6 in the third quarter survey, down from 155.6 in the prior quarter and however it was above the 103.9 recorded one year ago. Consumer confidence remained higher during the first three quarters of 2016 than any comparable period in the last 15 years. The first two surges in consumer confidence in 2007 and 2012 quickly faded as the hoped for economic gains did not materialize. However, consumers are optimistic that growth will continue leading to
- more job opportunities and improved purchase plans. Consumers are also expecting that and there will be improvements to their income.
- At the end of September 2016, the monthly average value of the Jamaican Dollar depreciated against the US dollar and the Great Britain Pound while the dollar appreciated against the Canadian dollar. The Dollar depreciated against the US\$ by J\$0.84 or 0.6613% to end at J\$127.87=US\$1.00. The value of the Great Britain Pound depreciated by J\$2.9 or 1.746% to end at GBP\$1.00=J\$168.94. The value of the Canadian Dollar appreciated by J\$0.09 or 0.0919% to end at CAD1.00=J\$97.85
- Inflation, measured by the All Jamaica "All Divisions" Consumer Price Index (CPI) increased by 0.5% for the period September 2016 over August 2016. The increase in the rate for September brought inflation for the calendar year to date to 0.8%. The increase in the rate for September 2016 over August 2016 brought inflation for fiscal year to September to 2.2%. The 12-month point to point rate at the end of September 2016 was 1.9%.
- Data for the month ending September 2016 revealed that the stock of Net International Reserves (NIR) at the Bank of Jamaica was J\$282.4 billion (US\$

Previous Highlights: September 2016 Summary

October 2016 Issue

- 2,463.01 million). This reflected a decrease of J\$6.020 billion (US\$52.51 million) relative to August 2016.
- The monetary base increased by J\$0.070.85 billion to J\$125.112 billion for September 2016 relative to August this year.
 - On the last trading day in September 2016, for the period September 01, 2016 to September 30, 2016, the main JSE index advanced by 4,094.68 points or 2.55% to close at 164,482.25 points. The JSE Combined Index advanced by 5,573.23 points or 3.25% to close at 177,090.44 points. The JSE Junior advanced by 172.97 points or 7.80% to close at 2,389.90 points. In contrast, once again, the JSE Cross Listed Index remained firm and closed the month at 499.06 points.
 - The overall weighted average lending rate on domestic currency loans decreased for July relative to June 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. This time the weighted average lending rate on domestic currency loans decreased by 3bps. The weighted average domestic interest rates on deposits for the month ending increased by 1bps relative to June this year.
 - Stopover tourist arrivals for July 2016 were 228,169. This month's total was 34,081 or 17.56% higher than the 194,088 in June this year. For the January to July period, arrivals increased by 2.7%, with 1,363,249 stopovers compared to 1,327,836 in 2015. A total of 88,015 cruise passengers visited Jamaica in July, 2016. The January to July 2016 period saw 1,037,898 cruise passenger arrivals at the three major ports, an increase of 106,315 or 11.4% compared to the corresponding period last year.
 - There were price reductions observed in 57.14% (12) of the commodities monitored for September 2016. Both the price of Brent and the WTI increased for the period September relative to August. The Brent moved up marginally by 0.11% and the WTI increased by 0.94%. Natural gas price increased by 6.45% for the period September over August. The IMF's Fuel Energy index increased by 0.7857%, while the Food and Beverage Index decreased by 1.7058%. The all commodity price index decreased by 0.3748%.

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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