

MONTHLY ECONOMIC BULLETIN



CEO's Remarks

June 2019 was filled with activities as members of the secretariat team headed to Montego Bay from June 25-28, to execute the PSOJ 2019 Montego Bay Invasion.

We replicated all our standard events that are usually held in Kingston, in Western Jamaica: the Dinner of Champions, Presidents Forum, Mentorship Dinner and the PSOJ/ATL Corporate Mingle.

The aim of this initiative was to engage directly with prospective members, attract new members and strengthen the membership value proposition with our members on that side of the island, while heightening the overall visibility of the PSOJ in Western Jamaica.

The trip was successful!

Our bulletin this month captures overall positive developments within the island's economic landscape. Significant increases in output from both the goods producing and services industries contributed to real GDP increasing by 1.5% for the January to March quarter of 2019 when compared to the same period last year. Though much volatility remains in the foreign exchange market, and the external trade deficit continues to grow, Jamaica continues to produce a myriad of other positive macroeconomic indicators including low and stable inflation, low market interest rates, record low unemployment and strong fiscal performance thus signaling moves in the right direction.

Please be reminded that we continue to provide our members with a variety of options to showcase your products, services and new campaigns within our membership. Call our marketing team today at 876-923-6790 or email them at marketing@psoj.org to get started.

Cheers,
Makeba Bennett-Easy
CEO

JUNE 2019

Inside the Bulletin...

CEO's Remarks	1
Macroeconomic Overview	2
Key Macroeconomic Indicators	2
Regional & Global Developments	3
Monetary Policy Developments	3
FX Market Developments	4
Financial Sector Developments	4
International Trade Developments	4
Fiscal Developments	5
Concluding Remarks	5
Internal Highlights	6
Member Highlights	9

[Government Ups Support for SMEs](#)

The Government of Jamaica on top of its already mounting support for the Small and Medium-Sized Enterprises (SME) sector has announced plans to set up four regional h....

[Not Satisfied: Local Manufacturers Not Pleased With Q1 Performance of Sector](#)

Newly elected president of the Jamaica Manufacturers and Exporters Association (JMEA), Richard Pandohie is disappointed with the downward trend currently being...

[The Economy Grows](#)

Total value added at constant prices for the Jamaican economy increased by 1.7 per cent in the first quarter of 2019 when compared to the similar quarter of 2018...

Macroeconomic Overview

Against the backdrop of 18 consecutive quarters of economic growth, the Statistical Institute of Jamaica (STATIN), in its most recent release, confirmed the estimations of growth earlier announced by the Planning Institute of Jamaica (PIOJ) in May. According to STATIN, real GDP for the Jamaican economy increased by 1.7% in the first quarter of 2019 when compared to the similar quarter of 2018. This increase was due to growth in both the Services Industries and the Goods Producing Industries of 1.8% and 1.7% respectively.

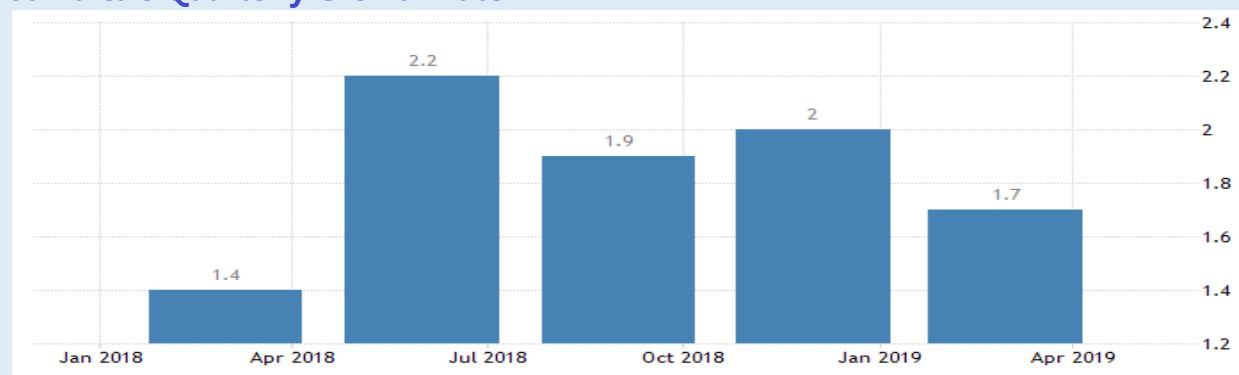
All entities within the Goods Producing industry recorded higher levels of output except for the Manufacturing industry, which decreased by 1.4%. Increased outputs were recorded for Agriculture, Forestry & Fishing (0.3%), Mining & Quarrying (11.1%) and Construction (3.4%). Growth was also achieved in all eight (8) sectors within the Service Industry with the largest increases seen in Hotels & Restaurants (7.3%), Finance & Insurance Services (2.5%), Electricity & Water Supply (1.9%) and Other Services (1.8%). The Bank of Jamaica (BOJ) anticipates that weaker global economic growth will represent a downside risk to the country's growth. On the other hand, the Bank also anticipates that the lagged impact of its accommodative monetary policy will act as an upside risk for the island's growth outcomes over the next few quarters.

Overall, foreign reserves, inflation, the labour market, market interest rates and the island's fiscal performance continue to return positive results with great potential still existing for increased output and economic activity.

Key Macroeconomic Indicators

Indicators	Last	Reference	Previous	Frequency
Quarterly GDP Growth Rate (%)	1.70%	May-19	1.50%	Quarterly
GDP Annual Growth Rate (%)	2.00%	Dec-18	1.90%	Annual
Unemployment Rate (%)	8.00%	Mar-19	8.70%	Quarterly
Inflation Rate (%)	4.79%	May-19	3.94%	Monthly
Policy Rate (%)	0.75%	Jun-19	0.75%	Quarterly
Exports	US\$1.66 Billion	Mar-19	US\$1.08 Billion	Monthly
Imports	US\$450.2 Million	Mar-19	US\$301.4 Million	Monthly
Fiscal Surplus	(US\$6.02 Billion)	Mar-19	US\$24.39 Billion	Monthly
Net International Reserves	US\$3.035 Billion	Apr-19	US\$3.019 Billion	Monthly
Government Debt to GDP (%)	103%	Dec-18	121%	Yearly
Corporate Tax Rate (%)	25%	May-19	25%	Yearly
Personal Credit Loan Rate	25%	May-19	25%	Yearly
Average Commercial Credit Loan Rate	10.96%	Apr-19	10.68%	Monthly

Jamaica's Quarterly Growth Rate



Regional & Global Developments

Sixth CARICOM-Cuba Ministerial Meeting

Coming out of the sixth CARICOM-Cuba Ministerial Meeting in mid-June, foreign ministers from 14 Caribbean countries and Cuba made the call for a peaceful solution to the economic and political crisis in Venezuela, where the United States and several other countries are backing a bid to remove President Maduro from office. Against this background, CARICOM has adopted a position of non-interference and non-intervention in the internal affairs of Venezuela.

The ministers also adopted a resolution to condemn the actions of developed countries as it relates to trade and economic development in the region. These include the United States' decision to tighten its trade and economic embargo against Cuba as well as the European Union's decision to label a number of countries as tax havens. In addition, the resolution urged the global community to endorse the tenets of the January 2014 Proclamation of Latin America and the Caribbean as a zone of peace.

Within the context of the unilateral coercive measures imposed on Cuba by the United States, the ministers called for a speedy and unconditional end to differential treatment for small, vulnerable economies whilst urging that trade is necessary for the region's sustainable development. Issues such as trade relations between CARICOM and Cuba, climate change, correspondent banking relations, corruption, security and culture were also discussed.

Improving Costa Rica and Jamaica relations

Costa Rica's Vice President, Epsy Campbell Barr has committed to deepen the relations with the Caribbean and Jamaica in particular, as it relates to the areas of commerce, culture and international issues. Having made her first official trip to the island for the biennial Diaspora Conference in early June, she highlighted the development of socio-economic resilience for Caribbean people of afro-descent as important in strengthening the ties with Jamaica. She also called for the setup of a foreign mission by the Government of Jamaica (GOJ) to facilitate a closer relationship being sought by both countries.

Stories to watch

[Trump says planned immigration sweep delayed for two weeks](#)
[Crumbling roads, grids due to storms cost poor nations billions](#)
[The US and the Caribbean: A mutuality of interests](#)
[C'bean tourism conference to focus on climate change](#)
[Private Sector Praised For Storm Preparedness](#)

Monetary Policy Developments

Inflation Rate

4.79%

Last reported: May 2019

STATIN has indicated that the monthly inflation rate as measured by the change in the Consumer Price Index (CPI) stood at 0.8% for May 2019. This follows increases of 0.8% and 0.1% in March and April respectively. Similarly, annual inflation at May 2019 reported by the Statistical Institute of Jamaica was 4.79%, up from 3.9% at April 2019 and 3.1% at May 2018.



Bank of Jamaica's Policy Rate

0.75 %

Last reported: June 2019

On June 27, 2019, BOJ announced its decision, to hold the policy rate unchanged at 0.75% per annum effective June 28, 2019. This decision is in keeping with the Bank's assessment that monetary conditions as is, are appropriate and conducive to supporting the achievement of the inflation target of 4% to 6% over the medium term.

Foreign Exchange Market Developments

JMD: USD

\$131.06

As at 28 June 2019

The foreign exchange (FX) market continues to reflect increased demand from both brokers and end users. The Bank of Jamaica had no interventions in the market during the month. At the end of trading on Friday, June 28, 2019, the USD was valued at JMD\$131.06 representing approximately \$1.76 or 1.33% appreciation for the month. The JMD however depreciated against the Canadian dollar and the Great Britain pound.

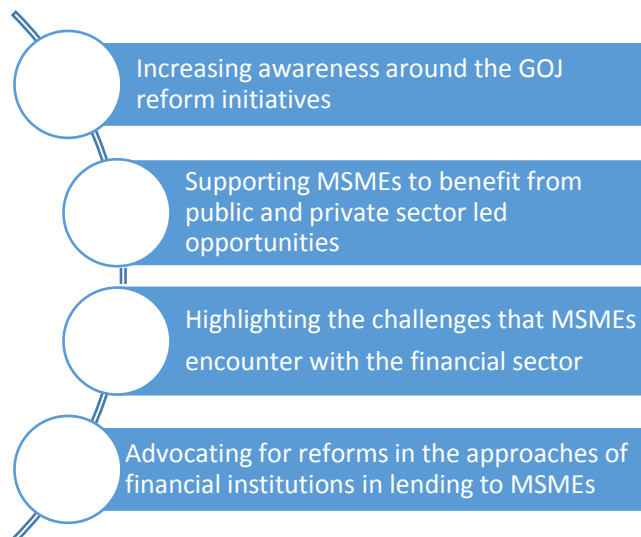
Currency	May-19	Jun-19	Change M-O-M	Change YTD
USD	\$132.82	\$131.06	-1.33%	2.00%
CAD	\$98.70	\$101.86	3.20%	9.93%
GBP	\$166.54	\$168.08	0.92%	6.99%

Net International Reserves as at June 2019 stood at USD\$3.019 billion, approximately 0.53% higher than the stock of reserves at the end of May 2019.

Financial Sector Developments

Banking

The Private Sector Organisation of Jamaica (PSOJ), launched a special initiative to assist in the improvement of MSMEs ability to access credit. The initiative, dubbed Access to Finance Facilitation Panel (AFFP) for SMEs was launched in collaboration with the Jamaica Bankers Association (JBA), GOJ, Private Business Development Organizations (BDOs), the MSME Alliance, and several other stakeholders. The PSOJ-led initiative includes a series of workshops in which the MSMEs will sit down with the banks and other stakeholder agencies to devise ways in which access to credit can be made easier for small businesses. Amongst the objectives of the panel are:



Stock Market

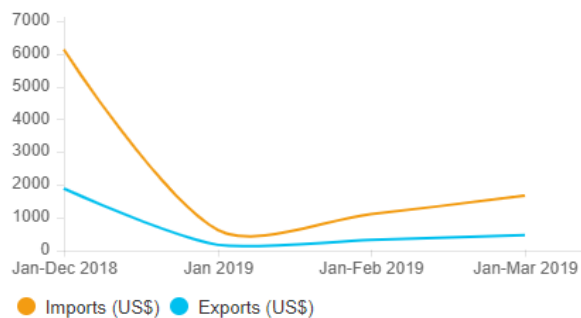
At the close of trading on Friday, June 28, 2019, an increased number of stocks were featured among the list of winners, bringing the advance to decline ratio to 23:12 over the month. The JSE Main market index grew by 8.08% month over month, adding to prior gains of 3.51% and 7.71% increases in April and May respectively. The number of transactions for June 2019 increased to 11,531, marginally higher than 10,195 in May 2019. This led to a 57.30% increase in the value of transactions from JMD\$8.27 Billion in May to just over JMD\$13.01 Billion in June, the first time for the year that the value has surpassed JMD\$10 Billion. The top three stocks advancing included Jamaica Stock Exchange (+42.02%), Eppley Limited (+40.61%) and Wisynco Group Limited (+19.97%). Meanwhile, the top three declining stocks included Ciboney Group (-41.67%), 1834 Investments Limited (-24.45%) and Carreras Limited (-10.79%).

Month	Transactions	Volume	Value	Index Change
April	4616	96,753,812	\$2,058,538,951.30	3.51%
May	10,195	1,598,513,649	\$8,275,742,328.89	7.71%
June	11,531	1,122,722,590	\$13,017,931,077.10	8.08%

International Trade Developments

Data released from STATIN shows a trade deficit for Jamaica as at March 2019. Imports in the island are estimated to be valued at US\$ 1.66 billion, vastly larger than exports of US\$ 450.2 million.

International Merchandise Trade



Mineral Fuels (28.59%), Machinery and Transport Equipment (23.72%) and Food (15.60%) accounted for majority of imports over the period. Crude Materials (e.g. Fuel) (58.87%), Mineral Fuels (16.59%) and Food (12.74%) constitute most of the country's exports.

Fiscal Policy & Public Debt

Procurement for GOJ Infrastructure Projects

British forecasting company, the Economic Intelligence Unit (EIU) has ranked Jamaica fourth in the Latin America and the Caribbean region for its capacity to successfully undertake Public Private Partnerships (PPP). Minister of Finance and the Public Service, Dr. Nigel Clarke has alluded that Jamaica's ranking is a testament to the efforts being made to build Jamaica's PPP capacity and the country's ability to transition to open, transparent and competitive procurement for large scale infrastructure projects. Minister Clarke also noted that private capital will have to be incorporated to meet infrastructure development. Capital expenditure has more than doubled over the last four years and government revenues are not sufficient to cover the infrastructure cost relating to water, sewage, drainage, bridges among others.

Government Revenues & Expenses

For the period April to May 2019/2020, GOJ operations recorded a fiscal deficit of J\$3.0 billion

and a primary surplus of \$15.3 billion. This outturn reflected a decrease of 26.9% and an increase of 3.2% respectively when compared to the budget for fiscal period April to May 2019/2020.

Total Revenues amounted to JMD\$93.6 Billion and outperformed projections by JMD\$2.3 Billion for the April to May 2019/2020 period. In particular, Tax Revenue and Non-tax Revenue amounted to J\$84.0 and J\$8.0 respectively, which were greater than the amounts projected by 2.6% and 7.8%. Whereas, Capital Revenue and Grants underperformed projections by 6.1% and 26.3% respectively.

	Prov	Budget		
	Apr - May	Apr - May	Variance	(%)
	2019/20	2019/20		
Revenue (billions)	93.6	91.3	2.3	2.5
Tax Revenue	84.0	81.9	2.1	2.6
Non-tax Revenue	8.0	7.4	0.6	7.8
Bauxite Levy	-	-	-	-
Capital Revenue	0.8	0.9	-0.1	-6.1
Grants	0.9	1.2	-0.3	-26.3
Expenditure	96.6	95.5	1.2	1.2
Recurrent Expenditure	87.0	86.5	0.5	0.5
Capital Expenditure	9.7	8.9	0.7	8.1
Fiscal Balance	- 3.0	- 4.2	1.1	-26.9
Primary Balance	15.3	14.8	0.5	3.6

Expenditures for the same period amounted to J\$96.6 billion, reflecting a difference of J\$1.2 billion when compared to the budgeted amount. Relative to projections, recurrent expenditure and capital expenditure were J\$0.5 billion and J\$0.7 billion greater than the budgeted amounts of J\$86.5 billion and J\$8.9 billion respectively.

Concluding Remarks

The Jamaican economy continues to tread the steady growth path with marginal increases quarter over quarter. This overall progress stems from positive out turns in all goods producing sectors within the economy. Growth aside, other macroeconomic variables continue to be positive. Foreign reserves are at adequate levels, interest rates remain relatively low and labour market conditions continue to improve. These indicators therefore continue to suggest a move in the right direction for the nation's economy.

INTERNAL HIGHLIGHTS



PSOJ Dinner of Champions held at the Bellefield Great House with British High Commissioner, His Excellency Asif Ahmad; Mayor of Montego Bay, Homer Davis Commissioner of Police, Major General Antony Anderson; Chairman & CEO of Itel-BPO Solutions, Yoni Epstein; President of the Montego Bay Chamber of Commerce, Janet Silvera; and other specially invited guests pictured here.

The meeting was successful, and some key deliverables were agreed; PSOJ will follow-up with the relevant stakeholders to execute. All attendees agreed that a more collaborative and structured approach on the part of the public and private sector would be the most effective way to begin tackling the issue of crime.



PSOJ MEEL's dinner- Mobay edition- powered by Itel BPO with our gracious host Yoni Epstein (centre) and our mentees.

The PSOJ partnered with Itel BPO to host the Montego Bay edition of PSOJ Mentoring Entrepreneurs and Emerging Leaders Dinner- MEELS. The event was well attended, and guest Mentor Yoni Epstein shared the do's and don'ts involved in running a successful business as well as the intriguing story of his personal entrepreneurial journey.



PSOJ/ATL Corporate Mingle

Scenes from our Corporate Mingle held at the ATL showroom in the Bogue City Center.

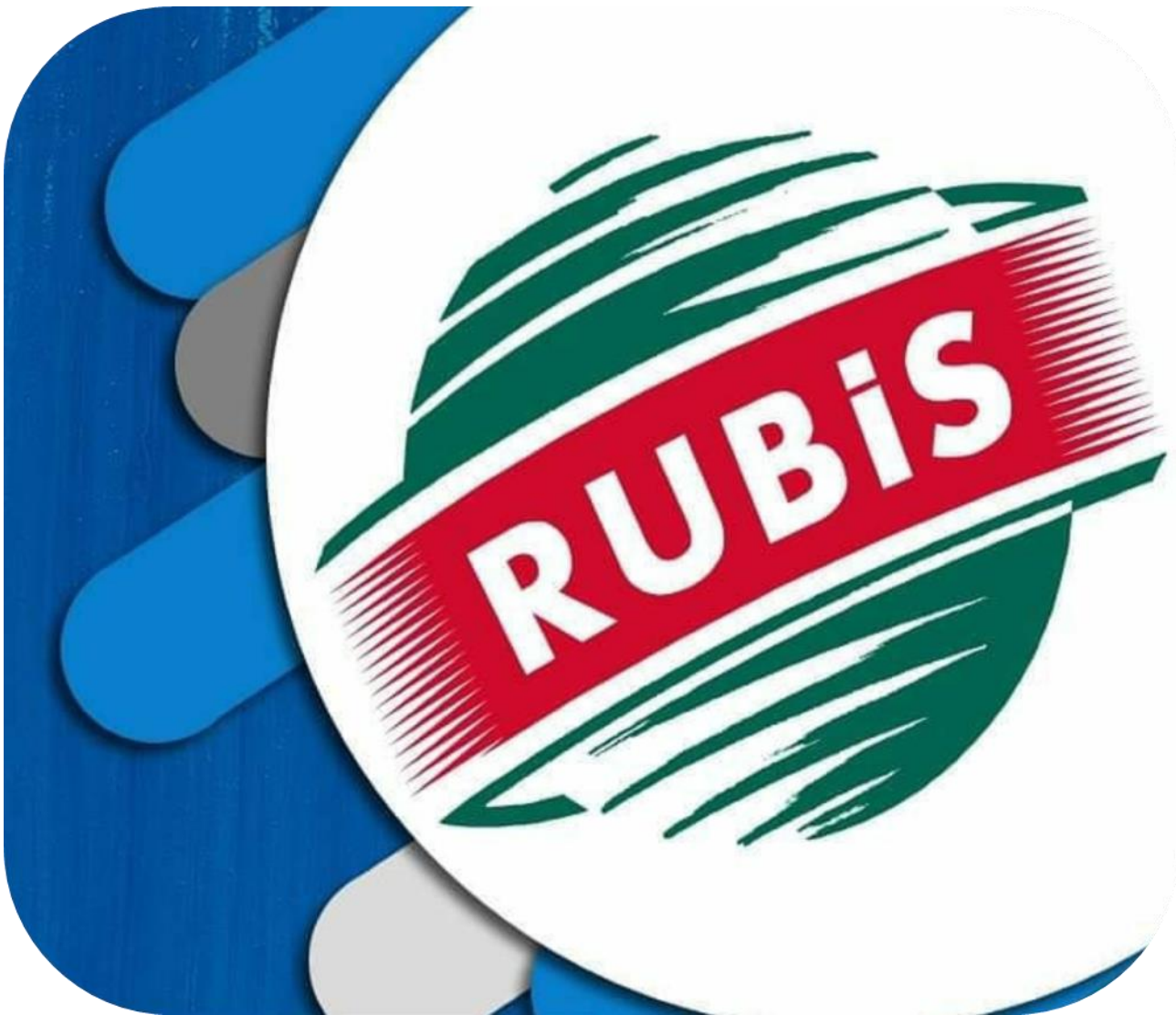
In collaboration with ATL, we hosted a very successful corporate mingle. The event was held at the ATL Showroom in Montego Bay. The event was well attended with approximately 160 persons in attendance.



Presidents Forum

The PSOJ, for the first time in Montego Bay, held our premium event, themed **CONFRONT CLIMATE AND DISASTER RISK: Prepare or Perish**. Our President delivered the keynote address and guest presenters included Eleanor Jones (Chair, PSOJ Energy Environment & Climate Change Committee) and Tamoy Sinclair (Coordinator - Disaster Preparedness, St James Municipal Corporation).

The presentations were followed by a panel discussion with His Excellency Asif Ahmad, British High Commissioner; Janet Silvera, President of the Montego Bay Chamber of Commerce and Sean DaCosta, Chief Operations Officer at Sandals Resorts International. Approximately 60 persons attended the event, including the Custos of St. James, representatives of the St James Municipal Council, Urban Development Corporation and the Montego Bay Chamber of Commerce.



Rubis Launches New Lubricants Blended in Jamaica: Published: Sunday | June 23, 2019- The Gleaner

<http://jamaica-gleaner.com/article/business/20190623/rubis-launches-new-lubricants-blended-jamaica>

Congratulations to our member RUBIS Jamaica on the “roll out a line of advanced lubricants across the country over the next two weeks as a marker of its fifth anniversary in Jamaica.” [excerpt from the Sunday Gleaner: Published: Sunday | June 23, 2019]



The Private Sector Organisation of Jamaica is a national organization of private sector associations, companies and individuals working together to promote a competitive and productive private sector.

Established in 1976, the PSOJ represents the interest of the most diverse group of private sector entities and seeks to influence national policy issues of a political, social or economic nature in order to facilitate business development and growth.

The Officers and Executive Committee, under the guidance of the Council, lead this process by promoting discussions with the country's government and civil society. The organization is also in close contact with the major multi-lateral and bilateral agencies.

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