

The Planning Institute of Jamaica's Review of Economic Performance, January–March 2025 Media Brief, May 21, 2025

1. Overview – Current Economic Context

Before I provide the details on economic performance, let me remind you of the purpose of these quarterly economic estimates provided by the PIOJ. The PIOJ presents preliminary estimates on economic performance for each quarter. This is based on early information available from the major data providers.

This release of the preliminary estimate is consistent with trends in all modern economies globally, where it is the common practice to release a 1st, 2nd and even a 3rd preliminary estimate, before the final official figures are released. The PIOJ releases the preliminary growth estimate, approximately six weeks following the end of the quarter being reviewed. Note, however, that the targeted timeline for the press briefing is sometimes impacted by challenges in the data collection process. STATIN releases the official GDP figures at the end of the 3rd month following the end of the quarter.

The release of the preliminary out-turn is used by various stakeholders, including our International Development Partners, the Private Sector, as well as the Government, to inform critical planning and policy-related decisions.

Today, we are reporting that Real Value Added (RVA) for the Jamaican economy **grew by an estimated 0.8%** in the January to March 2025 quarter compared with the corresponding quarter of 2024.

The performance for the January to March 2025 quarter largely reflected the impact of:

1. Continued growth momentum in some industries following the adverse effects of the hydrological events of 2024
2. Increased external demand which was facilitated by continued growth in the economies of Jamaica's main trading partners
3. Increased employment and higher levels of consumer confidence which drove domestic demand.

2. Real Sector Developments

Developments in the Goods Producing Industry

The Goods Producing Industry **grew** by an estimated **1.0%**, compared with the corresponding quarter of 2024. This out-turn was driven by growth in all four industries.

Agriculture

Output of the Agriculture, Forestry & Fishing industry was **estimated to have remained relatively flat with a 0.1% increase in real value added**. The industry's performance reflected continued recovery facilitated by: favourable weather conditions; and, targeted assistance provided to farmers which supported replanting efforts and facilitated higher levels of production, particularly for short-term crops.

The performance during the quarter was due to higher productivity, reflected in an expansion in output per hectare for 5 of the 9 crop groups. Furthermore, there was a 2.0% increase in the hectares of domestic crops reaped. Relative to the corresponding quarter of 2024, output increased in 7 parishes, led by Manchester, up 16.1% and Trelawny, up 5.5%.

Other Agricultural Crops was estimated to have grown by 5.8%, reflecting increased production in eight of the nine crop groups. The most significant increases were recorded for:

- Cereals, up 21.7%
- Yams, up 7.9%
- Legumes, up 7.7%
- Vegetables up 7.3%
- Other Tubers, up 6.4%
- Fruits, up 3.8%.

Traditional Export Crops was estimated to have contracted by 23.5%, mainly reflecting lower output for Bananas, down 24.9% and Sugarcane, down, 6.8%. Relative to Other Agricultural Crops, this crop group requires a longer gestation period, that is, a longer maturity time from planting to harvest, upwards of 9 months.

Animal Farming was also estimated to have declined by 1.5% reflecting lower production of Eggs, down 20.5% which outweighed a 0.3% increase in Poultry meat production.

Mining & Quarrying

Real Value Added for the Mining & Quarrying Industry was **estimated to have grown by 0.5%**, due to increased output of Crude Bauxite, which outweighed a decline in Alumina production.

Crude Bauxite production increased by 26.0% due to an expansion in the bauxite capacity utilization rate which increased by 8.8 percentage points to 42.7% and was indicative of an uptick in demand from external parties.

Alumina production declined by 2.4%, due to decreased demand. This resulted in a fall in the alumina capacity utilization rate by 1.1 percentage points, to 42.0% compared with the corresponding quarter of 2024.

Manufacturing

Real Value Added for the Manufacturing industry **was estimated to have grown by 1.4%**, due to estimated growth in both the Food, Beverages & Tobacco sub-industry, and the Other Manufacturing sub-industry.

Higher output was recorded for the Food processing component, largely due to Edible Fats, up 0.7%; and Poultry Meat, up 0.3%. Further expansion of the Food, Beverages & Tobacco sub-industry was tempered by lower production of Sugar, down 5.9%; and Carbonated Beverages, down 6.1%.

In the Other Manufacturing category, an increase in output stemmed from higher production in the Petroleum component, led by Gasoline, up 10%; Fuel Oil, up 11.6%; and Automotive Diesel Oil, up 27.1%. Further growth was stymied by declines in Non-metallic Minerals, due to Cement, down 16.7%; and Chemical & Chemical Products due to Aluminium Sulphate, down 11.3% and Salt, down 11.2%.

Construction

Real Value Added for Construction **grew by 1.5%**, reflecting growth in the Building Construction and Other Construction components. The performance of the Building Construction component was pushed by a 2 355.6% growth in Housing Starts by the NHT. Cement supply to the industry increased by 3.0% reflecting a 164.0% increase in imports.

The estimated growth in the Other Construction component was due to increased capital expenditure on civil engineering activities by:

- National Works Agency, up 234.2% to \$1.3 billion, reflecting higher expenditure on the Southern Coastal Highway Improvement Project (SCHIP) and the Major Infrastructure Development Programme (MIDP)
- Port Authority of Jamaica, up 632.1% to \$3.9 billion, due to construction works on the Caymanas Special Economic Zone and the Ocho Rios and Falmouth Cruise Terminals.

Further growth in the Other Construction component was stymied by lower disbursements by the National Road Operating & Construction Company (NROCC), which disbursed \$2.4 billion, down 53.0%.

Developments in the Services Industry

The Services Industry was estimated to have **grown by 0.7%**, reflecting growth in all industries, with the exception of Real Estate, Renting and Business Services.

Electricity & Water Supply

The Electricity & Water Supply industry was estimated to have recorded **growth of 0.8%** in real value added, supported by increases in both electricity and water consumption.

Electricity consumption increased by 0.5% reflecting increased consumption for five of six categories, namely:

- Residential, up 3.2%
- General Service (small businesses using less than 25 kVa), up 1.5%
- Power Service (large businesses using more than 25 kVa but less than 500 kVa), up 0.5%
- Large Power (Businesses using more than 500kVa), up 1.0%
- Street Lighting + Traffic Signals, up 0.8%.

These were sufficient to outweigh a decline of 15.0% for Largest Power (single locations that have minimum peak demand of 2 000 kVa).

Water consumption grew by 1.8%, due to higher consumption in both the Western division, up 4.0% and the Eastern division up 0.7%.

Transport, Storage & Communication

Real value added for Transport, Storage & Communication **grew by 1.8%** due to an estimated increase in both the Maritime Transport and the Communication components. The growth reflected the net effect of:

- Growth in the maritime transport subcomponent reflecting higher cargo volume, up 3.8%, due to increases in cargo handled at both the Port of Kingston (up 1.9%) and Outports (up 11.9%). This reflected growth in both Domestic Cargo, up 9.7% and Transshipment Cargo, up 0.1%.
- Contraction in the air transport component, largely reflecting decreased passenger movements, down 4.2%, due to Arrivals (down 4.5%) and Departures (down 3.5%).

Wholesale & Retail Trade; Repair & Installation of Machinery (WRTRIM)

Real Value Added for the WRTRIM industry was estimated to have **increased by 0.5%**, reflecting higher demand associated with the growth in employment levels, and increased Consumer Confidence.

There was a 1.2% increase in total Real Gross Sales. Higher sales were recorded for six of the eight categories, namely:

- Other Wholesale & Retail Sales of Goods & Services in Specialized and Non-Specialized Stores, up 6.5%

- Wholesale and Repair of Household Goods and Office Equipment, 6.4%
- Motor Vehicle, Auto Repairs and Accessories, up 5.3%
- Textiles, Clothing, Shoes and Jewellery, up 5.2%
- Retail Sale of Pharmaceuticals, Medical Goods and Cosmetics, up 2.4%
- Agriculture, Food, Beverages and Tobacco, up 0.5%.

Finance & Insurance Services

Real Value Added for the Finance & Insurance Services industry **increased by an estimated 1.0%**. This performance was mainly due to increased net interest income, fees and commission for commercial banks, supported by a general up-turn in economic activities.

Hotels & Restaurants

Real Value Added for the Hotels & Restaurants industry **grew by an estimated 0.8%**. The out-turn was largely due to an estimated increase in the average length of stay to 7.8 nights per foreign national visitor, relative to 7.4 nights in the corresponding quarter of 2024. This resulted in an increase of 3.0% in total visitor expenditure for January 2025 to US\$456.2 million, despite a fall in visitor arrivals for that month.

Preliminary data for the quarter revealed that:

- Total Stop-over arrivals fell by 4.7% to 744,679 visitors
- Cruise passenger arrivals contracted by 13.4% to 488,206 visitors.

GDP Performance: Fiscal Year 2024/25

For FY2024/25, Real Value Added is estimated to have declined by **0.8%**. The out-turn for the fiscal year reflected declines in all industries, except for Finance & Insurance Services and Transport, Storage & Communication. The contraction largely stemmed from:

1. Agriculture, Forestry & Fishing, down 4.7%, reflecting the contractions recorded in the second half of 2024 due to the negative impact of Hurricane Beryl and Tropical Storm Rafael.
2. Mining & Quarrying, down by an estimated 4.2%, mainly due to reduced demand resulting in lower capacity utilization
3. Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment (WRTRIM), down 0.7%, reflecting lower output in the related Agriculture, Forestry & Fishing and Hotels & Restaurants industries
4. Electricity & Water Supply, down 1.1%, due to lower electricity consumption as a result of the damage to transmission and distribution infrastructure caused by Hurricane Beryl.

3. Short Term Economic Outlook: April– June 2025 & FY2025/26

For **April–June 2025**, growth prospects for the economy are generally positive. This is based on the expectation for continued recovery from the adverse effects of the various hydrological events which impacted the island during the latter half of 2024. It is projected that the economy will **grow within the range of 0.5% to 1.5% relative to April–June 2024**. This performance will be supported by increased output in:

1. Agriculture, due to the continued strengthening in domestic crop production and a reduction in the drag on growth from the Export Crop component as longer-term crops begin to recover
2. Hotels & Restaurants, due to the anticipated increase in stop-over arrivals associated with events such as Spring Break, Easter Holidays and Jamaica Carnival

3. Construction, due to the impact of the rollout of infrastructure projects at the start of the new fiscal year to include roadworks, and residential and non-residential construction activities.

Growth will also be supported by increased domestic demand, due to relatively high levels of employment and increased consumer confidence.

Preliminary data for the quarter indicate some positive movements in support of this projection. Preliminary data on Airport arrivals for April 2025 indicate an increase of 5.3% relative to April 2024. This out-turn was largely due to the hosting of activities associated with the Easter Holidays, Spring Break, and Carnival Celebrations in April 2025. However, for the Mining & Quarrying industry, data for April indicate that the heavier weighted alumina production, contracted by 12.3%, while crude bauxite production increased by 3.9%.

The projection for **Fiscal Year 2025/26** is for growth within the range of **1.0%–2.0%**. All industries are forecast to record growth, as the recovery from the weather-related shocks in 2024 will become more pronounced in the latter half of calendar year 2025.

UPSIDE POTENTIAL AND DOWNSIDE RISKS

There are upside potential and downside risks to this forecast. The main **Upside Potential to Growth include:**

1. Continued strengthening of most industries due to the dissipation of the adverse impact of the various hydrological events which impacted the island during the latter half of 2024
2. Relatively high employment levels and consumer confidence which could lead to higher than expected strengthening of domestic demand, and

3. Favourable weather outcomes, leading to increased agricultural output and water production.

The downside risks to these projections include:

1. Unplanned factory downtime associated with aged production plants, particularly in the Mining & Quarrying and Manufacturing industries
2. Weather related shocks, largely associated with the start of the hurricane season, and
3. Lower than anticipated external demand for Jamaican goods and services as a result of slower than expected growth in the economies of Jamaica's main trading partners (particularly the USA).

4. Employment Update...

Regarding the Employment out-turn, STATIN has released an update on the Labour Force Survey for January 2025. As such, we will not present a detailed report on this area. For January 2025 the unemployment rate was **3.7%**, down 1.7 percentage points relative to January 2024. Youth unemployment decreased by 3.7 percentage points to 12.3%. The unemployed labour force decreased by 26 200 to 54 500 persons relative to January 2024.

The number of persons employed increased by **13 800 persons** to **1 419 500** relative to January 2024. Male employment increased by 5 800 to 763 000 persons, while for females, employment increased by 7 900 to 656 400 persons. The number of persons outside the Labour Force increased by 12 500 to 681 900 persons relative to January 2024.

5. Release of the 2023 Prevalence of Poverty Data

The Planning Institute of Jamaica (PIOJ) has produced the official poverty prevalence estimates for 2023, computed from the Jamaica Survey of Living Conditions (JSLC) data collected by the Statistical Institute of Jamaica (STATIN). Jamaica's national poverty rate declined from 16.7% in 2021 to 8.2% in 2023, the lowest figure ever recorded since poverty rates were first measured in 1989. The estimate for 2024 will be provided later this year once the JSLC data is received from STATIN.

As we consider the 2023 results, it is important to highlight a few considerations with respect to methodology. First, no poverty estimate is available for 2022, as the JSLC was not conducted that year due to the initiation of the National Population and Housing Census. Secondly, in 2018 STATIN revised the sample design and weighting methodology applied to the JSLC sample. The 2012 to 2017 data have since been revised to account for these changes to facilitate comparability with 2018 and subsequent years. Therefore, data prior to 2012 should not be compared with data for 2012 to 2023. As such, while the trend in poverty reduction remains clear and credible, comparisons across years—particularly with pre-revision estimates—should be interpreted with caution. These adjustments in methodology improve the accuracy of national estimates, but they may affect the strict comparability of data across the full time series.

In providing context, note that ...

In 2012, poverty in Jamaica was 19.7 per cent. That meant nearly one in every five Jamaican was consuming below the poverty line. Poverty rates have since trended downwards, but spiked to 16.7 per cent in 2021, likely reflecting the fallout from the COVID-19 pandemic.

The results reflect progress across all regions of the country:

- In the Greater Kingston Metropolitan Area (GKMA), poverty fell from 10.4 per cent in 2021 to 3.0 per cent in 2023. While this is a positive development, we observed that there was high variability around this estimate, and as such, it may be less precise than others. It should therefore be interpreted with some caution.
- In Other Urban Centres (OUC), the rate declined to 9.0 per cent from 15.5 per cent in 2021, reversing the upward trend observed since 2018.
- In Rural Areas, which historically experience the highest rates of poverty, the rate dropped from 22.1 per cent to 11.5 per cent. This represents a decline of more than 10 percentage points.

Real per capita consumption increased across all income groups, but the greatest improvements were recorded in Quintiles 1 and 2—the lowest 40.0 per cent. In these two quintiles, consumption rose by 12.0 per cent and 16.6 per cent, respectively.

In addition to this national decline in poverty, there was a reduction in food poverty, also referred to as extreme poverty. In the Jamaican context, food poverty refers to the inability of a household to afford the minimum daily caloric intake required for good health. In 2023, the food poverty rate fell to 2.8 per cent, down from 5.8 per cent in 2021 and 4.0 per cent in 2019, marking the lowest level on record.

What has driven this performance?

1. By 2023, the country had officially recovered from the shock of COVID-19 and had entered into a new growth phase. The Jamaican economy grew by 2.6 per cent, marking the third consecutive year of economic growth since the height of the COVID-19 pandemic.

It is important to note that prior to the pandemic, Jamaica had already embarked on a sustained growth trajectory, recording seven consecutive years of growth up to 2019. COVID-19 disrupted that path, but we remained committed. Our post-pandemic rebound has been strong. Real Value Added in 2023 surpassed 2019 levels, confirming a full recovery and new forward momentum.

Growth in 2023 was broad-based. It was driven by increased employment, expanded output in nine of twelve industries, and higher external demand for Jamaica's services, particularly in tourism and business process outsourcing. This growth created jobs, raised household income, and supported the reduction in poverty.

2. Employment levels reached historic highs. In October 2023, 1.32 million Jamaicans were employed, an increase of more than 85,000 persons compared with October 2021. The unemployment rate fell by 2.9 percentage points to a then historic low of 4.2 per cent, with notable declines across gender and age groups. Youth unemployment, fell by nearly 6.3 percentage points. This indicates that more Jamaicans were actively participating in the labour force and earning incomes that enabled them to meet their families' needs and improve their standard of living.
3. In addition to the improvements listed above in the labour market, in June 2023, the National Minimum Wage increased by 44 per cent, moving from \$9,000 to \$13,000 per week. This followed an earlier increase in 2022 and together marked an 85.7 per cent increase over two years. The minimum wage for industrial security guards was also increased from \$10,500 to \$14,000 per week. This adjustment, complemented by new employment contracts for security guards, ensured that this essential group of workers also benefited from broader wage reforms.

4. Social protection programmes were also strengthened. Vital support was through the Programme of Advancement Through Health and Education (PATH), the Social Pension Programme, Poor Relief Programme, and targeted interventions aimed at generating youth employment and encouraging small-scale agriculture.
5. Remittances continued to be an important source of household income. In 2023, net remittance inflows totalled US\$3.4 billion. While this represented a decline compared with the peak levels recorded during the pandemic, nearly half of all Jamaican households reported receiving remittances in 2023. This inflow of funds continued to bolster household resilience, especially among lower-income families.
6. Improved macroeconomic stability also contributed to the reduction in poverty. Inflation moderated to 6.9 per cent at the end of 2023, down from 9.4 per cent at the end of 2022. The debt-to-GDP ratio continued to decline, moving from a pandemic high of 109.7 per cent at the end FY 2020/21 to 73.4 per cent at the end of FY 2023/24. This increased fiscal space facilitated the support of social protection initiatives, capital investment, and the response to shocks.

These developments meant that many low-income earners saw real improvements in their standard of living, lifting many above the poverty line.

Importantly, inequality has also declined as measured by the Gini coefficient. The Gini coefficient, which is the internationally accepted measure of inequality, ranges from 0 (indicating perfect equality), to 1 (indicating maximum inequality). In 2021, Jamaica's consumption-based Gini coefficient was 0.3991. In 2023, it fell to 0.3560—the lowest value since 2017. This decline is significant, as it shows that as the economy has grown, the benefits are being shared more equitably.

The goals of the National Poverty Reduction Programme are to eradicate extreme poverty and to reduce absolute poverty sustainably by 2030, as outlined in the National Policy on Poverty, aligned with the Vision 2030 Jamaica – National Development Plan framework and the Sustainable Development Goals. Importantly, we are strengthening the tools to aid us in achieving this target. The PIOJ has advanced work on a National Multidimensional Poverty Index. This index will complement the traditional monetary measure by capturing other forms of deprivation, such as limited access to education, inadequate housing, and poor health outcomes. The PIOJ will provide an update on this important measure in due course.

6. Conclusion

In conclusion, the preliminary data presented on economic performance for the January to March 2025 quarter, indicate that the economy continued to recover from the effects of the hydrological shocks during the latter half of 2024. For the April–June 2025 quarter, the economy is projected to grow within the range of 0.5%–1.5% while for FY 2025/26 the economy is projected to grow within the range of 1.0%–2.0%. We are cognizant of the prevailing uncertainties in the global economic space related to geopolitical tensions as well as new economic and trade policies. These uncertainties have the potential to constrain economic activities and the PIOJ will continue to carefully monitor and assess these developments as more information becomes available.

With respect to the poverty out-turn, it shows potential for sustained reduction, with the implementation of key policies and programmes.

In closing, I want to acknowledge and thank the very dedicated team here at the PIOJ. I encourage all Jamaicans to continue to collaborate, as we sustain our

efforts to make ***Jamaica, the place of choice to live, work, raise families and do business.***

May God continue to bless Jamaica land we love.