

**The Planning Institute of Jamaica's Review
of Economic Performance,
October–December 2025
Media Brief
March 3, 2026**

1. Overview – Current Economic Context

Before I provide the details on economic performance, let me take this opportunity to 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, approximately 6 weeks following the end of the quarter being reviewed. This is based on the latest available information from major data providers.

This release of the preliminary estimate is consistent with protocols in modern economies globally, where it is the common practice to release preliminary estimates, before the final official figures are published. In the case of Jamaica, the PIOJ releases the preliminary growth estimate within the first six weeks following the end of the quarter being reviewed, and STATIN releases the official GDP figures, at the end of the 3rd month following the quarter being reviewed.

The preliminary out-turn is used by various stakeholders, including our International Development Partners, the Private Sector, as well as the Government,

for whom the magnitude and direction of sectoral performance is critical to inform planning and policy-related decisions.

I would also like to re-iterate, that trends have shown that the gap between our initial estimate and the subsequent estimate produced by STATIN is more likely to be larger in times of extraordinary shocks (for example Hurricane Melissa). That is, the variation between PIOJ's estimate and STATIN's subsequent estimate is likely to be outside the usual band.

Today, we are reporting an estimated contraction in Real Value Added of **7.5%** for the October–December 2025 quarter, relative to the corresponding quarter of 2024. This is the largest quarterly decline since the July–September 2020 quarter, when the economy was impacted by the COVID-19 pandemic. The estimated out-turn for the review quarter largely reflected the effects of Hurricane Melissa, a Category 5 hurricane that caused widespread destruction due to hurricane-force winds, storm surge, intense rainfall, flooding and landslides. Combined, these shocks negatively impacted the performance of all industries, particularly Agriculture, Forestry & Fishing; Accommodation & Food Services Activities (which captures most tourism activities); Transport & Storage; and Electricity, Water Supply & Waste Management.

Consequently, both Business and Consumer confidence levels declined, reflecting pessimism about future business conditions, return on investments, changes in income and profitability.

It should be noted, however, that this estimated out-turn of a 7.5% contraction, is better than initially projected immediately after the passage of the hurricane, when the economy was forecast to decline within the region of 11.0% to 13.0%. This is attributed to the better than initially anticipated out-turn of some industries, partially reflecting the resilience and industriousness of businesses and individuals in rebuilding following the shock.

2.Real Sector Developments

Developments in the Goods Producing Industry

The Goods Producing Industry is estimated to have contracted by **9.3%**, due to lower output in all four industries, Agriculture, Forestry & Fishing; Mining & Quarrying; Manufacturing; and Construction.

Agriculture, Forestry & Fishing

Real Value Added for the **Agriculture, Forestry & Fishing** industry declined by **12.6%**, reflecting the adverse impact of Hurricane Melissa on agricultural infrastructure, crops and livestock. As a result, there was a downturn in hectares reaped by 18.6%, and lower output per hectare, for 8 of the 9 domestic crop groups.

The industry's performance was due to lower output in two of the five sub-components of the industry, Other Agricultural Crops and Animal Farming. The Other Agricultural Crops component was estimated to have contracted by 23.6%, reflecting lower production in eight of the nine crop groups, led by: Condiments, down 45.0%; Legumes, down 36.9%; Cereals, down 33.6%; Fruits, down 33.2%; and Vegetables, down 32.1%.

Lower output was also recorded for the Animal Farming component, down by 12.3% due to declines in broiler meat production, by 12.7% and egg production, by 41.6%.

A further decline in the industry was tempered by increased output of Traditional Export Crops, which grew by **47.0%**, largely reflecting growth in the production of Banana, up 45.5%; Coffee up 78.3%; and Cocoa, up 91.0%. There was no sugarcane production during the quarter, similar to the corresponding quarter of 2024.

Post-Harvest Activities also grew, up 78.6%, largely reflecting increased pulping and roasting activities associated with higher coffee and cocoa production.

Mining & Quarrying

Real Value Added for the **Mining & Quarrying** industry declined by an estimated **37.3%**, reflecting disruptions caused by Hurricane Melissa, which damaged productive assets and resulted in power outages. Consequently, both crude bauxite and alumina production declined. The Quarrying component also contracted, reflecting a downturn in the production of most industrial minerals.

Alumina production, was down by 39.4%. The alumina capacity utilization rate decreased to 23.3%, down 15.1 percentage points compared with the corresponding quarter of 2024.

Crude Bauxite production fell by 22.7%. Consequently, the bauxite capacity utilization rate decreased to 19.9%, down 5.9 percentage points.

For the Quarrying sub-industry, four of the ten industrial minerals categories, recorded declines resulting in an overall contraction of 13.1% in the tonnes of minerals produced. The most significant absolute decline was recorded for Limestone, down by 278.7 kilo tonnes to 325.6 kilo tonnes.

Manufacturing

The **Manufacturing** industry was estimated to have contracted by **7.8%**, stemming from lower output in both the Food, Beverages & Tobacco and Other Manufacturing sub-industries.

The contraction in the Food, Beverages & Tobacco sub-industry was due to lower production for: Poultry Meat, down 12.4%; Edible Oils, down 6.8%; Flour, down 4.9%; Beer & Stout, down 10.0%; Rum & Alcohol, down 27.7%; and Carbonated Beverages, down 0.9%.

A further contraction was stymied by increased production of Dairy Products, up 10.4% and Edible Fats, up 8.7%.

The contraction in the Other Manufacturing sub-industry reflected lower production in the Petroleum Products sub-industry. This was largely attributed to a reduction in demand resulting from the decline in commercial activities in the western parishes most affected by the hurricane. Data revealed that lower production was recorded for three of the six products surveyed, Gasoline, down 57.5%, Turbo Fuel, down 50.3%; and Fuel Oil, down by 7.2%.

The Chemicals & Chemical Products component also recorded lower output with Aluminium Sulphate, down 11.8% and Salt, down 8.7%. However, the Non-metallic minerals component was estimated to have grown reflecting, the combined impact of the heavier weighted Cement production, up 24.5% and a decline in Clinker production by 35.0%.

Construction

Real Value Added for the **Construction** industry was estimated to have contracted by **3.5%** reflecting an estimated contraction in both the Building Construction, and Other Construction components of the industry. Despite the overall contraction in the industry, there was a real increase of 13.4% in the sales of construction-related goods, reflecting:

1. Purchases of construction-related material to facilitate preparatory work in anticipation of Hurricane Melissa
2. Purchases of construction supplies to assist with the initial recovery work associated with the impact of the hurricane, and
3. Ongoing work-in-progress associated with the sharp increase in Housing Starts during the previous nine months of the year.

The fall-off in the Building Construction component was mainly due to the performance of the residential category, reflected in a 66.7% downturn in housing starts by the NHT. Additionally, the total value of mortgages disbursed by the NHT declined by 12.4% to \$5.5 billion.

The downturn in the Other Construction component was due to a decline in capital expenditure on civil engineering activities, largely stemming from:

1. Jamaica Public Service Company, disbursed \$1.5 billion, representing a decline of 54.5 per cent. Expenditure was mainly associated with construction and installation activities to facilitate the distribution (\$430.7 million) and generation (\$550.9 million) of power.
2. Jamaica Social Investment Fund (JSIF) disbursed \$23.7 million, down 95.5 per cent. This was attributed to a decline in expenditure on Infrastructure (storm water drains and roads) and Utilities (Water Sanitation).

Developments in the Services Industry

The Services Industry was estimated to have contracted by **6.9%**, relative to the corresponding quarter of 2024, reflecting lower Real Value Added for all nine Service industries. The Electricity, Water Supply & Waste Management; Transport & Storage; as well as the Accommodation & Food Service Activities industries were the most severely impacted by the hurricane.

Electricity, Water Supply & Waste Management

The **Electricity, Water Supply & Waste Management** industry was estimated to have recorded a decline in Real Value Added of **11.5%**, due to lower electricity and water consumption.

Electricity consumption fell by 16.1%, due to lower consumption in all six categories. Reduced sales were recorded for:

- Residential, down 14.7%

- General Service (small businesses using less than 25 kilo Volt ampere (kVa), down 14.4%
- Power Service (large businesses using more than 25 kVa but less than 500 kVa), down 14.1%
- Large Power (Businesses using more than 500kVa), down 19.9%
- Largest Power (single locations with a minimum peak demand of 2000 kVa), down 28.3%; and
- Street Lighting & Traffic Signals, down 16.6%.

Water consumption also decreased by 2.1%, due to lower water consumption in the Eastern Division, down 1.5% and the Western Division, down 3.3%.

Transport & Storage

Real Value Added for **Transport & Storage contracted** by **13.6%** due to lower levels of activities in the Transport component, which outweighed an estimated growth in the Storage component.

The performance of the Transport component reflected a downturn in Air Transport due to a reduction in passenger movement by 34.4%, with Departures, down 35.4%; and Arrivals, down 33.8%. Passenger movements were negatively impacted by the temporary closure of airports due to the hurricane and to facilitate the subsequent repair work resulting from the damages sustained.

Maritime Transport was also estimated to have declined. This was the result of a 14.5% reduction in vessel visits to the heavier weighted Port of Kingston.

The Storage component was estimated to have grown, reflecting a 1.2% increase in Total Cargo handled, due to Domestic Cargo, up 0.6% and Transshipment, up 1.7%.

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

Real Value Added for the **Wholesale & Retail Trade; Repair & Installation of Machinery & Equipment (WRTRIM)** industry was estimated to have contracted by **4.9%** due to a general downturn in economic activity as well as lower Business and Consumer confidence levels. Specifically, the decline in the industry was attributed to:

- An estimated real decline of 0.5% in the level of real gross sales, as well as
- A downturn in the related Agriculture Manufacturing, and Construction industries.

Lower sales were recorded for two of the eight categories in real terms:

- Other Wholesale & Retail Sale of Goods & Services, down 11.8%; and
- Textile, Clothing, Shoes and Jewellery, down 2.7%.

Finance & Insurance Activities

Real Value Added for the **Finance & Insurance Activities** industry was estimated to have declined by **0.2%**. This performance was associated with lower revenues earned at deposit-taking institutions from fees and commission.

Accommodation & Food Service Activities

Real Value Added for the **Accommodation & Food Service Activities** industry was estimated to have contracted by **12.0%**. Preliminary data indicate that stop-over arrivals for October–December 2025 was 425,107 visitors representing a decrease of 40.9%.

Total Visitor Expenditure was estimated to have fallen by 31.9% to US\$771.1 million during the quarter.

GDP Performance: January–December 2025

For calendar year 2025, Real Value Added was estimated to have remained flat despite the impact of the hurricane during the final quarter of the year. For January to September 2025, the economy grew by 2.6% as the economy recovered from Hurricane Beryl, entering into a new growth phase. These gains were counter-balanced by the downturn associated with Hurricane Melissa. For the calendar year, the out-turn reflected the combined effect of growth in Real Value Added for the Goods Producing Industry, up **1.5%**, while the Services Industry, contracted by **0.5%**. Within the Goods Producing, three of the four industries recorded higher output levels, led by Agriculture, Forestry & Fishing, up **4.4%** and Construction, up **1.0%**. For the Services Industry, the contraction reflected declines in six of the nine industries with the exception of Information and Communication; Finance & Insurance Activities; and Public Administration and Defence.

Employment Update....

Turning to highlights of the October 2025 Labour Market Survey fielded by STATIN, the data indicated that:

- The **Employed Labour Force was 1 413 200** as at October 2025, a decline of 3 800.
- The **unemployment rate was 3.3%**, down 0.2 percentage point.
- The **youth unemployment rate was 10.6%**, down 0.4 percentage point.
- The unemployed labour force declined by 2 500 persons reaching 48 800 persons.
- The number of persons outside the labour force increased by 6 300, reaching 693 800 individuals.

3.Short-Term Economic Outlook: January–March 2026 and Fiscal Year 2025/26

We will now turn to the short-term prospects for the Jamaican economy. Generally, the prospects for the short term are negative based on:

1. An expectation that the economy will not register year-on-year growth until the October to December 2026 quarter. However, as the recovery gains momentum, each subsequent quarter is anticipated to show progressively smaller rates of contractions.
2. Weak demand, driven by reduced consumer spending and lower business investment, due to dampened business and consumer confidence.
3. Emerging geo-political uncertainties, arising from the ongoing dispute in the Middle-East, may potentially impact the economy through:
 - a) Supply side challenges due to disruptions to oil distribution in the Gulf resulting in a hike in oil prices. This is likely to cascade into increased prices for other items such as industrial and agriculture commodities.
 - b) Trade disruptions - The combination of higher energy costs, disruptions to logistics and generally lower confidence levels may result in a drag on global trade. The extent of the shock is dependent of the depth and duration of the conflict, and we continue to monitor these developments closely.

Preliminary data for the January–March 2026 quarter indicates that in January 2026, total bauxite production in the Mining & Quarrying industry declined by 33.8%, reflecting reduced output of alumina and crude bauxite. Within the Accommodation and Food Service Activities industry, preliminary airport arrivals fell by 36.0%. For the Electricity, Water Supply & Waste Management industry, water consumption for January 2026 declined by 2.7%.

However, there are some potential upsides to this outlook, including:

1. Faster than anticipated rebound in sectors such as Agriculture and Tourism, as well as
2. A boost in Construction activities as households and state entities intensify work towards reconstruction activities.

Given this context, the projection for January to March 2026, is for a contraction in output within the range of **4.0% to 6.0%**. For Fiscal Year 2025/26 the economy is expected to contract within the range of **1.0%–2.0%**.

4. Hurricane Melissa Damage & Loss Assessment - Update

Damage, losses and additional costs¹ associated with the passage of Hurricane Melissa on October 28, 2025 was estimated at J\$1.953 trillion (US\$ 12.232 billion)² or 56.7 per cent of 2024 Gross Domestic Product (GDP). This figure represents more than four times that of Hurricane Gilbert, previously the costliest hurricane in the country's history. These findings emerged from a comprehensive Damage and Loss Assessment (DaLA) of the impacts caused by Hurricane Melissa, prepared

¹ **Damage** means the effects the disaster has on the assets of each sector, expressed in monetary terms. These occur during the event giving rise to the disaster; **Losses** are goods that go unproduced and services that go unprovided during a period running from the time the disaster occurs until full recovery and reconstruction is achieved; **Additional costs** are outlays required to produce goods and provide services as a result of the disaster. These represent a response by both the public and the private sectors, which may take the form of additional spending or a recomposition of spending.

² Using BOJ Average Exchange Rate for October 2025 – US1.00 = J\$159.67

by the UN Economic Commission for Latin America and the Caribbean in collaboration with Government of Jamaica Ministries, Departments and Agencies.

The assessment examined three broad areas:

- I. the social sector – focused on the affected population, education, health, housing, and culture;
- II. the productive sectors – analysed agriculture and livestock, fisheries and aquaculture, tourism, commerce and industry; and
- III. the infrastructure sector – analysis comprised transportation, power, water and sewerage, and telecommunications.

The report also includes a cross-cutting assessment of the effects suffered by the environmental sector and the overall macroeconomic impacts.

Hurricane Melissa inflicted severe damage across six ‘most affected parishes’, namely: Westmoreland, St Elizabeth, St James, St Ann, Trelawny and Manchester. Its cross-sectoral impact disrupted lives, livelihoods, economic, social, cultural and environmental systems.

Housing, tourism, education, health, agriculture, energy, transport, telecommunications and other economic and social infrastructure were significantly affected, with damage and losses recorded islandwide.

Prior to the hurricane, Jamaica’s economy was projected to record real GDP growth of 2.2 per cent for FY 2025/26 (Fiscal Policy Paper, 2025). Post disaster estimates, however, indicate a contraction, with real GDP initially projected to decline by 4.3 per cent for FY 2025/26 (based on the Interim Fiscal Policy Paper, 2025). This would translate to a reduction of 6.5 percentage points in the GDP growth rate for FY 2025/26. It should be noted however, that based on the strength of the recovery to date, the current outlook for FY2025/26 has been revised to a point estimate of -1.4%. This would now translate into a reduction of **3.6 percentage points** in the GDP growth rate estimate for the current fiscal year.

The hurricane is also expected to trigger significant short-term fiscal slippage. The overall fiscal deficit is projected to be 3.5% of GDP (Interim Fiscal Policy Paper, 2025), compared with the balanced budget originally targeted. The fiscal out-turn will be adversely affected by developments on both the revenue and expenditure sides.

The DaLA outlines recommendations to guide the recovery process across all assessed sectors. Anchored in the principle of “Build Forward Better”, these recommendations emphasize not only safer reconstruction, but also the need to address underlying vulnerabilities, development gaps, and chronic risk drivers. Recovery efforts are structured across three phases - Rehabilitation, Resilient Reconstruction and Building Long-Term Resilience.

5. Conclusion

In summary, preliminary data indicate that the Jamaican economy contracted, largely reflecting the negative impact of the damage and loss sustained as a result of Hurricane Melissa on productive activities. With Jamaica recording a significant year-on-year decline in October–December 2025, and expectation for a further **year-on-year** contraction in the January–March 2026 quarter, there are concerns regarding the possibility of an economic recession affecting Jamaica in the short term. However, at this stage, it is not likely that Jamaica will experience an economic recession within the short term, barring any unforeseen shocks. Let me provide some clarity on the issue. A recession is defined as a contraction in the business cycle indicating a significant slowdown in economic activity. Generally, as a rule of thumb, it is considered that two consecutive quarters of a **quarter-on-quarter decline** in a country’s seasonally adjusted real GDP, represents a recession. Seasonally adjusted GDP estimates removes recurring patterns such

as weather changes or holidays that affect economic activity, making it easier to observe underlying GDP growth trends across **consecutive quarters**.

Looking at the seasonal adjusted quarter-on-quarter GDP performance for Jamaica, the most widely used indicator for determining a recession, it shows that growth was recorded in the first three quarters of 2025, according to official data from the Statistical Institute of Jamaica (STATIN). In light of the devastation caused by Hurricane Melissa in the fourth quarter of 2025 and the preliminary estimates presented today, the official figures are expected to reflect a contraction in the October–December 2025 quarter. For the first condition of a recession to be satisfied, a further decline would need to be recorded in the January–March 2026 quarter relative to October–December 2025. However, given the strength of the recovery to date, it is unlikely that the output level for the January–March 2026 quarter will fall below the level recorded in October–December 2025. That is, we are projecting quarter over quarter growth in January to March 2026, relative to October-December 2025.

In closing, I want to recognize the very dedicated and hard-working team here at the PIOJ and encourage us all, as stakeholders in Jamaica, to make this country, the place of choice to live, work, raise families and do business.

God bless you all, and may God continue to bless Jamaica land we love.