

The Planning Institute of Jamaica's Review of Economic Performance, January–March 2026 Media Brief, May 20, 2026

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, drawn from the early data and information provided by our major data sources.

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 the 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 being reviewed.

The release of the preliminary out-turn is critical to inform the decision-making process across multiple stakeholder groups. Our International Development Partners use it to strengthen programme design; the Private Sector, uses it to guide investment strategy and manage risks; and the Government, uses the data to inform timely policy interventions.

Today, we are reporting that the Jamaican economy **contracted by an estimated 5.9%** during the January to March 2026 quarter, compared with the corresponding quarter of 2025.

The performance for the review quarter largely reflected the lingering impact of Hurricane Melissa on productive activities. The impact of the hurricane led to:

1. An estimated contraction in all industries with the exception of Financial & Insurance Activities and Public Administration & Defence; as well as
2. A reduction in the Employed Labour Force and lower levels of business and consumer confidence, which constrained domestic demand.

The hurricane's impact was compounded by weakened external demand, largely reflecting the intensification of geopolitical tensions in the Middle East. The resulting disruptions to supply chains and surging energy prices curtailed trade flows and dampened external demand.

2. Real Sector Developments

Developments in the Goods Producing Industry

The Goods-Producing Industry **contracted** by an estimated **11.2%**, compared with the corresponding quarter of 2025. This out-turn was evidenced by the downturn in all four industries.

Agriculture, Forestry & Fishing

Output of the Agriculture, Forestry & Fishing industry was estimated to have **contracted by 20.3%**. This performance stemmed from the devastation caused by Hurricane Melissa in the previous quarter, which caused damage and losses to crops, livestock, aquaculture, infrastructure and equipment, valued at an estimated \$43.9 billion.

The performance during the quarter was due to a fall in productivity, reflected in reduced output per hectare for five of the nine crop groups. Additionally, there was a 15.2% decline in the hectares of domestic crops reaped as 8 parishes recorded lower harvested areas. Among the parishes that recorded a decline in hectares reaped were St Elizabeth (down 39.9%), Hanover (down 38.1%) and St Thomas (down 27.2%).

Other Agricultural Crops were estimated to have contracted by **8.0%**, reflecting lower production in seven of the nine crop groups. Declines were recorded for:

- Plantains, down 83.7%
- Legumes, down 41.7%
- Yams, down 41.6%
- Cereals, down 38.1%
- Fruits, down 20.1%
- Condiments, down 16.3%
- Other Tubers, down 11.5%.

In contrast, the output of Vegetables and Potatoes grew by 12.0% and 18.0%, respectively.

Traditional Export Crops was estimated to have contracted by 64.9%, mainly reflecting lower output for Bananas, down 85.0%; Sugarcane, down 36.5% and Cocoa, down 99.0%.

Animal Farming was also estimated to have declined by 2.1% reflecting lower production of Eggs, down 38.9%. However, Poultry Meat production was estimated to have remained flat.

Mining & Quarrying

Real Value Added for the Mining & Quarrying industry **contracted by an estimated 26.6%**, due to decreased output of both crude bauxite and alumina.

Lower output reflected the lingering impact of Hurricane Melissa on the industry's infrastructure.

Crude Bauxite production decreased by 26.4% resulting in a fall in the bauxite capacity utilization rate by 11.3 percentage points to 31.5%.

Alumina production declined by 30.3% and resulted in a fall in the alumina capacity utilization rate by 12.8 percentage points, to 29.3% compared with the corresponding quarter of 2025.

Manufacturing

Real Value Added for the Manufacturing industry **was estimated to have contracted by 7.7%**, due to lower production in both the Food, Beverages & Tobacco, and the Other Manufacturing sub-industries.

The decline in the Food processing component, was largely due to a fall in the output of Flour, down 17.3%; Sugar, down 47.4%; Molasses down 41.9%, and Poultry Meat, down 13.4%. Within the Beverages & Tobacco sub-component a decline was recorded for Beer & Stout, down 2.0%.

In the Other Manufacturing sub-industry, lower output stemmed from reduced production in the Petroleum component, due to Turbo Fuel, down 19.7%; Fuel Oil, down 7.4%; and Automotive Diesel Oil, down 4.8%.

However, the Non-metallic Minerals component was estimated to have grown, pushed by Cement, up 33.1%; and Clinker, up 2.1%.

Construction

Real Value Added for Construction **declined by 1.3%**, reflecting downturns in both the Building Construction and Other Construction components. The industry's

performance was adversely affected by delays in some ongoing infrastructure projects due to the shock caused by Hurricane Melissa. However, rebuilding initiatives by households and state agencies tempered the rate of decline.

The performance of the Building Construction component was constrained by a 69.2% downturn in Housing Starts by the NHT. However, the value of mortgages disbursed by the NHT increased by 16.5% to \$9.4 billion. Cement supply to the industry also increased, up 4.0% largely reflecting an increase in production.

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

- National Works Agency, down 34.2% to \$3.7 billion, reflecting reduced expenditure on the SPARK Programme and the dualization of Grange Lane project; and
- Port Authority of Jamaica, down 89.0% to \$426.7 million. Expenditure was for construction works on the Caymanas Special Economic Zone; the Ocho Rios cruise pier and the Montego Bay Freeport terminal.

These declines outweighed an increase in disbursements by the National Road Operating & Construction Company (NROCC), up 1.3% to \$2.4 billion.

Developments in the Services Industry

The Services Industry was estimated to have **declined by 4.1%** reflecting contractions in all industries, with the exception of Financial & Insurance Activities; and Public Administration & Defence.

Electricity, Water Supply & Waste Management

The Electricity, Water Supply & Waste Management industry was estimated to have recorded **a contraction of 10.3%** in Real Value Added, due to a fall in electricity and water consumption.

Electricity consumption decreased by 11.9% reflecting lower consumption in all six categories, namely:

- Residential, down 11.3%
- General Service (small businesses using less than 25 kVa), down 10.6%
- Power Service (large businesses using more than 25 kVa but less than 500 kVa), down 12.2%
- Large Power (Businesses using more than 500 kVa), down 13.0%
- Street Lighting + Traffic Signals, down 24.1%; and
- Largest Power (single locations that have minimum peak demand of 2 000 kVa), down 7.3%.

Water consumption declined by 6.5%, due to declines in consumption levels in both the Western division, down 15.7% and the Eastern division, down 1.5%.

Transport & Storage

Real value added for the Transport & Storage industry **declined by 5.4%** due to an estimated decrease in both the Transport and Storage components. The out-turn reflected the effect of:

- an estimated contraction in the Storage component that stemmed from the falloff in the volume of cargo handled at the island's seaports, which fell by 8.7%, due to declines in cargo handled at both the Port of Kingston (down 3.0%) and Outports (down 29.7%); and
- a contraction in air transport largely reflecting decreased passenger movements, down 24.2%, due to a decline in Arrivals (down 23.7%) and Departures (down 25.1%).

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

Real Value Added for the WRTRIM industry was estimated to have **decreased by 1.6%**, reflecting lower demand stemming from a reduction in employment levels, and lower Business and Consumer Confidence. The performance was also negatively impacted by a downturn in the related Agriculture and Construction industries.

The downturn in the industry was partially tempered by higher sales associated with the purchase of supplies to facilitate rebuilding efforts. This was reflected in a 3.2% increase in total real gross sales. Higher sales were recorded for six of the eight categories, led by Hardware, Building Supplies & Electrical Goods & Machinery, up 19.5%. The other categories that recorded an increase in sales were:

- Wholesale of Household Goods and Office Equipment, up 0.5%
- Motor Vehicle, Auto Repairs and Accessories, up 18.0%
- Textiles, Clothing, Shoes and Jewellery, up 1.2%
- Retail Sale of Pharmaceuticals, Medical Goods and Cosmetics, up 5.6%,
and
- Agriculture, Food, Beverages and Tobacco, up 3.7%.

Financial & Insurance Activities

Real Value Added for the Financial & Insurance Activities industry **increased by an estimated 1.8%**. This performance was mainly due to higher net interest income, as well as increased fees and commission for commercial banks.

Accommodation & Food Service Activities

Real Value Added for the Accommodation & Food Service Activities industry contracted by an estimated 20.4%, relative to the similar quarter of 2025. This downturn was attributed to a fall in visitor arrivals, largely associated with the lingering

effects of Hurricane Melissa. Total visitor arrivals decreased by 17.0% to 1 017 443 visitors, with Stop-over arrivals, down 27.5% to 534 652 and Cruise passenger arrivals, down 1.1% to 482 791.

The sharp downturn in visitor arrivals outweighed the impact of an increase in the average length of stay to 8.6 nights up from 8.1 nights. This resulted in a decline in visitor expenditure by 21.3% to US\$976.4 million.

GDP Performance: Fiscal Year 2025/26

For FY 2025/26, Real Value Added is estimated to have declined by **1.7%**. The out-turn for the fiscal year reflected a contraction in all industries, except for Construction; Financial & Insurance Activities; and Public Administration & Defence. The downturn for the fiscal year largely stemmed from the negative impact of Hurricane Melissa.

3. Employment Update....

Regarding the Employment out-turn, STATIN has released an update on the Labour Force Survey for January 2026. As such, we will not present a detailed report on this area. For January 2026, the unemployment rate was **3.6%**, down 0.1 percentage point relative to January 2025. Youth unemployment also decreased, down 1.6 percentage points to 10.7%. The unemployed labour force decreased by 3 000 to 51 500 persons relative to January 2025.

The number of persons employed decreased by **30 100 persons** to **1 389 400** relative to January 2025. Male employment fell by 15 300 to 747 700 persons, while for female, employment decreased by 14 600 to 641 800 persons. The number of persons outside the Labour Force increased by 32 900 to 714 800 persons relative to January 2025.

4.Short Term Economic Outlook: April– June 2026 & FY2026/27

For **April–June 2026**, prospects for the economy are generally negative. This is based on the expectation for lower output as industries continue to recover from the adverse effects of the hurricane. It is projected that the economy will **contract within the range of 3.0% to 4.0% relative to April–June 2025**. It is anticipated that GDP performance will be influenced by:

1. Continued geopolitical tensions in the Middle East which have resulted in higher energy and fertilizer prices. In addition to prices, the conflict has adversely affected investor and consumer sentiments that may impact overall demand for goods and services in the short term.
2. Lower production, as industries are still within the recovery process, which may take up to three years.

For Agriculture, while certain short-term crops have already rebounded, the overall recovery of the industry will not be fully realized in the short term, given the extended period required for other crop varieties to reach maturity.

Preliminary data for the quarter indicate that Airport arrivals for April 2026 declined by 22.5% relative to April 2025. This out-turn was in part due to the lingering effect of Hurricane Melissa. For the Mining & Quarrying industry, data for April indicate that the heavier weighted alumina production, contracted by 27.3%, while crude bauxite production increased by 0.6%.

The projection for **Fiscal Year 2026/27** is for growth within the range of **1.0%–3.0%**. Most industries are forecast to record growth, as the recovery from the

weather-related shock in 2025 will become more pronounced in the latter half of the fiscal year (October 2026-March 2027).

Upside Potential and Downside Risks

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

1. Early resolution to the ongoing conflict in the Middle East; and
2. Favourable weather conditions, supporting the continued strengthening in 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).

5.Economic Impact of the Rising Global Oil Prices on The Jamaican Economy

Jamaica's economic structure makes it highly sensitive to global shocks, especially those affecting major trading partners. The rise in commodity prices, in particular oil prices, associated with the ongoing conflict in the Middle East, is exerting pressure on trade and output performance. The duration of the conflict will determine the scale of the impact. Given the central role of oil in production, price volatility has significant implications for inflation, the trade balance, and real GDP.

With respect to the impact on **inflation**, rising oil prices directly increase electricity and petroleum costs. Additionally, businesses pass higher energy costs onto consumers, further fuelling inflationary pressures. This cycle may lead to a rise in nominal wages and further entrench higher price levels.

With respect to the **trade balance**, higher global prices for energy products, grains, fertilizers, and shipping will inflate import costs. Rising input costs will result in higher prices for domestically produced goods reducing competitiveness on the global market. Consequently, Jamaica's current account deficit is expected to widen as the value of imports outpace that of exports.

Looking specifically at the **Accommodation & Food Service Activities industry**, in addition to the lingering effects of the hurricane, the situation is being exacerbated by higher oil prices, which are having a negative impact on the airline industry. The surge in global energy costs has several adverse effects on the industry, including:

- Higher airfares
- Rising electricity and fuel bills as well as higher food and beverage costs.

This will reduce affordability for global travellers, lowering foreign exchange earnings and tax revenue.

Regarding **Real GDP** performance, productivity may decline as energy-intensive sectors, specifically Mining & Quarrying and Manufacturing, face higher input costs. Additionally, emerging supply chain challenges may limit access to key inputs. On the demand side, heightened investor uncertainty may constrain demand for Jamaican exports. Combined, these factors could cause lower levels of output and GDP growth.

3. Conclusion

In conclusion, the preliminary data presented on economic performance for the January to March 2026 quarter, indicate that the economy continued to recover from the effects of Hurricane Melissa which occurred during the last quarter of 2025. For the April–June 2026 quarter, it is expected that the economy will continue to record a contraction, albeit at a lower rate, as industries continue to recover. Given the preliminary out-turn for January to March 2026, the economy is now estimated to have contracted by 1.7 per cent for Fiscal Year 2025/26. This revised projection compares with an initial projection for growth of 1.9 per cent, indicating that the shock of Hurricane Melissa resulted in a loss of 3.6 percentage points in Real Value Added output for FY 2025/26. The economy was previously projected to grow strongly during the latter half of the fiscal year (October 2025 to March 2026) attributable to the low levels of output in the corresponding period of 2024/25 due to Hurricane Beryl.

With respect to the shock to oil prices associated with the ongoing geopolitical tensions in the Middle East, if global oil prices remain elevated for an extended period, Jamaica could face significant economic challenges. Heightened energy costs will spur inflation; widen Jamaica's trade deficit; slow real GDP growth; and place a strain on fiscal performance. The tourism sector, a major source of foreign exchange earnings for Jamaica, will likely be among the hardest hit. Higher airfares, cruise costs, and local operating expenses are projected to negatively impact visitor arrivals. Generally, most industries will be adversely affected by rising costs of energy and other critical imported inputs such as fertilizer due to supply-chain constraints as a result of the conflict.

These risks highlight the urgent need for proactive and integrated policy measures. Jamaica will need to accelerate its renewable energy transition, strengthen agricultural and tourism linkages, diversify visitor markets, and maintain vigilant monetary and fiscal management. By embedding energy resilience into tourism

and production strategies, Jamaica can mitigate the anticipated effects of oil price volatility, protect livelihoods, and secure a more sustainable path toward inclusive growth.

At this stage, the economy is still anticipated to grow within the range of **1.0% to 3.0%** for FY 2026/27, largely associated with the expectation for relatively robust growth in the latter half of the fiscal year (October 2026 to March 2027). However, if current conditions persist during the upcoming quarters then there will likely be a downward revision.

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. Thank you very much.