



**The Planning Institute of Jamaica's Review of  
Economic Performance, April–June 2021  
Media Brief  
August 26, 2021**

**1. Overview – Current Economic Context**

As is customary, I would like to begin by reminding you of the purpose of these quarterly economic estimates provided by the PIOJ. The PIOJ presents preliminary estimates on economic performance for each quarter, based on early information available from the major data providers.

This release of the preliminary estimate is consistent with trends in all 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. In the case of Jamaica, the PIOJ strives to release the preliminary growth estimate approximately six weeks following the end of the quarter being reviewed. Whereas, STATIN releases the official GDP figures 12 weeks following the end of the quarter.

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

STATIN's data on GDP represents the official data on economic performance, therefore all preliminary estimates previously provided are updated to reflect the data provided by STATIN. So for example, for the preliminary estimate presented today, the actual data will be released by STATIN at the end of September 2021, at which time the estimates being provided today will be updated.

Before I provide the details on our latest estimate for the review quarter, let me first state that the process is a very fluid one, as it relies on the latest available data at the time of the release. We are often asked why there are differences between the early estimates we release and the actual estimates provided by the Statistical Institute. Some of that divergence is explained by the fact that STATIN's estimate is more comprehensive than the scope of the limited data collection and model forecasting and estimations undertaken by the PIOJ. A case in point, is that up until just over a week ago, the PIOJ's estimation for the review quarter as outlined at our last press briefing was within the range of 7%-9%, based on available data at that time. However, with the additional data received since then, the estimates have moved by several percentage points, as will be presented today.

Today, we are reporting that real Gross Domestic Product (GDP) for the Jamaican economy grew by an estimated **12.9%** in the April to June 2021 quarter compared with the corresponding quarter of 2020.

The out-turn for the April to June 2021 period largely reflected the impact of the relaxation of measures implemented to manage the COVID-19 pandemic relative to the corresponding quarter of 2020 when the country was partially locked down for the majority of the period. Measures implemented at that time included:

1. The closure of international borders to passenger movements, which curtailed external demand and essentially halted all tourist-related activities
2. The implementation of curfews and targeted quarantine for 'COVID-19 hot spots' which restricted people movement and opening hours of businesses, as well as adversely impacted the demand for goods and services, and
3. The closure of all schools and the implementation of general stay at home and work from home orders, which further dampened the demand for some goods and services.

Specifically, growth during April–June 2021 was spurred by:

1. Increased domestic and external demand for Jamaica's goods and services, consequent on relaxation of COVID-19 measures due mainly to the increased roll-out of vaccination efforts globally, with approximately 5.0 billion doses administered to date.
2. Increased operating hours for businesses which facilitated higher capacity utilization rates and production levels
3. An increase in the implementation of residential and commercial building projects and road construction works
4. Improved weather conditions, which facilitated growth in the Agriculture and Electricity & Water Supply industries
5. Higher levels of employment relative to the closure of businesses and layoffs caused by the lockdown in the corresponding quarter of 2020, and
6. Higher levels of Business confidence associated with the prospects for strengthened economic outturn in the short to medium term.

## **2. Real Sector Developments**

### **Developments in the Goods-Producing Industry**

The Goods Producing Industry **expanded by an estimated 7.8%** with growth in all industries except Mining & Quarrying which was negatively impacted by technical issues which affected alumina production, as well as shipping scheduling issues and lower demand, which impacted crude bauxite production. The improved performance largely reflected the impact of the partial recovery of most industries following the relatively low levels of output recorded in the corresponding quarter of 2020 when the most restrictive COVID-19 management measures were implemented.

## **Agriculture**

Output for the Agriculture, Forestry & Fishing industry was estimated to have grown by 10.3%. This out-turn primarily reflected the impact of improved weather conditions and increased demand associated with the relaxation of measures to contain the COVID-19 pandemic, particularly from related industries such as Hotels & Restaurants. Growth in the industry was driven by:

- Other Agricultural Crops, which grew by 17.6% reflecting higher production in eight of the nine crop groups. This performance was due to a rise in hectares reaped and output per hectare reaped. The most significant increases were recorded for Potatoes, up 28.3%; Vegetables, up 27.8%; and Condiments, up 20.2%. Production of Other Tubers contracted by 2.5%.
- Traditional Export Crops, which grew by 9.2%, largely reflecting higher production of Banana & Plantains, up 17.6% which outweighed estimated contractions recorded for Sugar Cane, Coffee and Cocoa production, as well as
- Animal Farming, which was estimated to have grown by 4.0%, attributed to increased broiler meat and egg production.

## **Mining & Quarrying**

Real Value Added for the Mining & Quarrying industry contracted by an estimated **12.3%**. This was due to lower Alumina and Crude Bauxite production.

Alumina production declined by 11.3%, reflecting the impact of technical issues which affected the two refineries in operation. The Alumina capacity utilization rate declined by 5.5 percentage points to 42.2%.

Crude bauxite production contracted by 31.8% due to reduced demand from third party customers. The bauxite capacity utilization rate decreased by 21.8 percentage points to 46.4%.

## **Manufacturing**

Real Value Added for the Manufacturing industry is estimated to have **grown by 3.1%**, reflecting an uptick in both the Food, Beverages & Tobacco and Other Manufacturing components. The out-turn largely reflected the impact of increased demand associated with a partial recovery from the downturn recorded in the corresponding quarter of 2020 when COVID-19 management measures restricted output in the industry.

With respect to Food, Beverages and Tobacco, higher levels of output were recorded for Edible Oils, up 19.8%; Edible Fats, up 26.8%; Poultry Meat, up 4.8%; and Beer & Stout, up 50.5%.

In the Other Manufacturing category, higher output stemmed from an estimated growth in both the Chemical & Chemical Products and Petroleum Products categories. Increased petroleum production was recorded for:

- Gasoline, 7.4%;
- Turbo Fuel, 122.5%; and
- Fuel Oil, 7.5%.

The increase in the Chemical & Chemical Products category was due to, Fertilizer production, up 19.2%; Salt, up 20.6%; and Alumina Sulphate, up 44.3%.

## **Construction**

Real Value Added for the Construction industry **grew by an estimated 18.3%**, reflecting higher levels of activities in both the Building Construction and Other Construction components. Total sales of Construction input grew by 57.0% in real terms.

The growth in the Building Construction component was due to increased Residential and Non-Residential Construction activities, reflecting an estimated

increase in the Total Value of Mortgages disbursed by 35.2% and the Total Number of Mortgages disbursed by 29.9%.

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

- The National Works Agency, which disbursed \$7.1 billion up 144.4%, reflecting increased expenditure associated with disbursements on the Yallahs to Harbour View leg of the Southern Coastal Highway Improvement Project (SCHIP)
- NROCC, which disbursed \$3.1 billion relative to \$148.5 million. Expenditure facilitated works on the SCHIP Part A, that is, the May Pen in Clarendon to Williamsfield in Manchester component.
- Jamaica Public Service Company, which disbursed \$2.2 billion representing an increase of 25.4%. Expenditure was associated with installation activities to facilitate the increased distribution and generation of power.

### **Developments in the Services Industry**

The Services Industry was estimated to have **grown by 14.0%** reflecting higher real value added for all industries with the exception of government services which remained flat.

### **Electricity & Water Supply**

Electricity & Water Supply recorded estimated growth of **4.0%** in real value added, reflecting expansion in both electricity and water consumption.

Electricity consumption increased by 4.3% reflecting higher levels of consumption in four of the six categories:

- General Service (small businesses using less than 25 kVa), up 5.3%
- Power Service (large businesses using more than 25 kVa but less than 500 kVa), up 6.6%
- Large Power (businesses using more than 500kVa), up 19.1%

- Largest Power (single location that have minimum peak demand of 2,000 kVa), up 38.0%

These outweighed estimated contractions in Residential consumption, down 4.7% and Street Lighting + Other, down 7.8%. The contraction in residential consumption is partly attributed to the relaxation of COVID-19 restrictions which has facilitated more in office work.

Eight (8) of the 14 parishes recorded higher sales, with Westmoreland recording the largest increase (32.1%), followed by Hanover (27.9%) and St. James (20.7%). These increases are partially attributed to increased economic activities, especially within parishes that benefited from higher tourist arrivals.

Water consumption grew by 2.9%, due to increases in both the Western division of 3.6%, and the Eastern division of 2.6%.

### **Transport, Storage & Communication**

Real Value Added for the Transport, Storage & Communication industry grew by an estimated **16.5%**. This resulted from growth in both the Transport & Storage and Communications components. The performance was supported by the relaxation of COVID-19 containment measures and was driven by growth in:

- The Air transport subcomponent, largely reflecting increased passenger movements to 842 069, up from 38 408. Departures increased to 430 141 from 22 417 persons and Arrivals increased to 410 798 from 15 530 persons.
- The Maritime transport subcomponent, due to an estimated 16.6% growth in cargo handled at the heavier weighted Port of Kingston.

### **Finance & Insurance Services**

Real Value Added for the Finance & Insurance Services industry was estimated to have grown by **2.5%** during the review quarter. The performance reflected the

impact of the relaxation of measures implemented to prevent the spread of COVID-19, and resulted in:

- an increase in the net interest income on the stock of loans at deposit taking institutions; and
- an increase in fees and commissions income.

## **WRTRIM**

Real Value Added in the **Wholesale & Retail Trade; Repair & Installation of Machinery (WRTRIM)** industry is estimated to have grown by **13.2%** reflecting the combined impact of:

- estimated growth in associated industries such as, Agriculture, Manufacturing and Construction, and
- the relaxation of measures associated with the management of the COVID-19 pandemic which extended operational hours and the reduced restrictions on the movement of people.

Higher sales were recorded for all eight categories, including:

- Minerals, Fuels & Lubricants, up 23.4%
- Agriculture, Food, Beverages & Tobacco, up 14.3%
- Hardware, Building Supplies, Electrical Goods & Machinery, up 44.6%, and
- Other Wholesale and Retail Sale of Goods & Services in Specialized and non-Specialized stores, up 36.9%

## **Hotels & Restaurants**

Real Value Added for the **Hotels & Restaurants** industry grew by an estimated 330.7%, reflecting a sharp increase in visitor arrivals following the closure of the islands borders to passenger movement for most of the corresponding quarter of 2020. Stop-over arrivals for April–May 2021 increased to 205,244 visitors



compared with none during the corresponding period of 2020. **Data on stopover arrivals for the month of June is not available at this time.**

### **Employment Update....**

Regarding the Employment Update, recall that no Labour Market Survey was undertaken in April 2020, due to the measures implemented then to manage the spread of COVID-19. As such, comparisons will be made with the pre-COVID April 2019 Survey and the current April 2021 Survey. The highlights, are as follows:

- The unemployment rate was **9.0%**, for April 2021. This was 1.2 percentage points higher than the rate recorded in April 2019.
- The Youth unemployment rate was 24.0% compared with 19.4%.
- The employed labour force declined by **40 500 persons** to **1,206,000 persons** relative to April 2019.
- The employed labour force by industry group as at April 2021 revealed 8 of the 16 industry groups recorded lower employment levels. Among these were:
  - Arts, Entertainment, Recreation and Other Services, down 22,100 persons;
  - Accommodation and Food Service Activities Hotels & Restaurant services, down 20,500 persons; and
  - Transport and Storage, down 12,900 persons.

It is important to note that Employment levels have increased since July 2020, as the economy gradually reopens. While not comparable because of seasonality factors, the data revealed that employment levels fell by 151 100 persons in July 2020 when compared with January 2020, Jamaica's Pre-COVID-19 employment high. As at April 2021, more than half the employment lost during initial stages of the COVID-19 pandemic, have been regained, that is, 84, 400 persons have gained employment since July 2020.

### **GDP Performance: January–June, 2021**

For the first six months of 2021, real GDP is estimated to have grown by **2.3%**. The Goods Producing Industry is estimated to have increased by **5.0%** and the Services Industry by **1.4%**. The industries which were estimated to have recorded the largest increases during the first half of the year were Construction (up 13.8%), Agriculture (up 3.9%), Other Services (up 3.6%) and Transport, Storage & Communication (up 3.4%).

### **3. Short Term Economic Outlook:**

#### **July-September 2021 & FY2021/22**

Prospects for the overall economy in the short-term are positive based on:

1. the continued economic recovery in most industries following the relaxation of some of the COVID-19 containment measures, implemented in 2020
2. gradual recovery of the global economy which augurs well for external demand for Jamaica's goods and services; and
3. continued recovery in the levels of employment as well as a strengthening in business confidence, which are expected to support domestic demand.

This positive outlook, however, could be adversely impacted by:

1. adverse weather conditions, with the commencement of the hurricane season
2. downturn in the Mining & Quarrying Industry due the fire at the Jamalco refinery which caused damage to the power house
3. plant down-time due to relatively aged equipment in major industries
4. the spread of new variants of the COVID-19 virus to the domestic economy resulting in the loss of productive time as stricter COVID-19 controls are enacted to combat these new waves of infection

Against this background, for July–September 2021, growth in output is anticipated to be within the range of **4.0% – 6.0%**.

This projection is based on expected growth in most industries led by the Services Industry, in particular Hotels & Restaurants, Other Services and Transport, Storage & Communication. Early indicators are positive as reflected in:

- Hotels & Restaurants – with a sharp increase in preliminary airport arrivals, up by 304.8% to 169,782 persons for the month of July. There were no cruise passenger arrivals during July.
- Other Services – reflecting the anticipated increase in visitor arrivals
- Electricity & Water – reflecting increases in both electricity and water consumption. Electricity consumption for the month of July 2021 increased by 4.3% and water consumption by 2.9%.

Mining & Quarrying is the only industry expected to contract during the period, largely reflecting plant downtime associated with damage caused by fire at the Jamalco Alumina refinery. The timing of the period for recovery in this industry remains uncertain, as the necessary assessments of the damage are ongoing. For the month of July, alumina production decreased by 17.4% and crude bauxite production contracted by 14.2%.

It is anticipated that for all quarters of **FY2021/22** the country will record higher levels of output relative to the subdued performance in FY2020/21 due to the restrictions caused by COVID-19. Consequently, the PIOJ's projection is for growth in output within the range of **6.0%–10.0%** for the full fiscal year. It should be noted, however, that the economy is not expected to attain pre-COVID GDP levels until FY 2023/24. Pre-COVID employment levels should be attained in FY 2022/23.

#### **4. Conclusion**

In closing, the preliminary data presented on performance for the April to June 2021 quarter indicate that the economy has begun to show signs of economic recovery following the devastation caused by COVID-19 in FY2020/21. It should be noted however that the adverse impact of COVID-19 on economic activities is

likely to be present for the medium term given the emergence of new variants and challenges in attaining herd immunity.

The robust growth out-turn recorded during the review quarter largely reflected the partial recovery from the relatively low base in the corresponding period. It is anticipated that this growth momentum will provide a fillip to the economy in driving more robust growth in the medium term, that is, post recovery. This is based on the simultaneous/ongoing build-out of capacity which is currently being undertaken in some industries (e.g BPO's, Hotels, Manufacturing etc.) as well as for public infrastructure nationally (improved road and drainage network, irrigation systems, hospitals and housing), as indicated by the performance of the construction industry.

For the short-term, it is anticipated that the economy will continue to record strong growth performance as most industries continue to recover. For July – September 2021, growth within the range of **4.0% - 6.0%** is projected. For the fiscal year 2021/22 the forecast is for growth within the range **of 6.0% - 10.0%**.

The recent implementation of no movement days will temper some economic activities, but given its relatively short duration the negative impact on the economy is not expected to be significant. Given current developments with a third wave of COVID-19 infection, the expectation is that more stringent measures to limit its spread may be required by the authorities. The challenge is therefore, how to effectively manage the spread of the virus amidst facilitating the enabling environment for growth. In light of this, the projections outlined above remain very fluid and are contingent on our collective efforts in managing the spread of the virus.

Finally, I want to recognize the very dedicated and hard-working team here at the PIOJ. I encourage us all to maintain the discipline in protecting ourselves and our families by abiding by the protocols implemented to mitigate the spread of the

pandemic. I also remind us all to continue the collaboration, as we sustain our efforts to make ***Jamaica, the place of choice to live, work, raise families and do business.***

God bless you all.