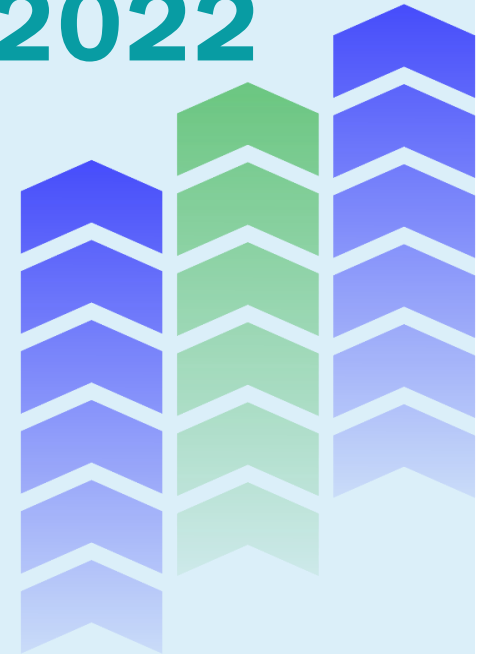




PLANNING INSTITUTE  
OF JAMAICA

# PERFORMANCE REVIEW OF OCTOBER–DECEMBER 2022

# POSITIVE PERFORMANCE



February 21, 2023

# OVERVIEW: OCTOBER-DECEMBER 2022

**GROWTH**  
**3.4%**



**Services**  
**Industry**  
**3.0%**



**Goods**  
**Producing**  
**Industry**  
**4.3%**



# REAL VALUE ADDED IN THE GOODS PRODUCING INDUSTRIES (%)

	Oct-Dec 2021	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022
Goods Producing	0.5	0.6	-1.9	5.6	4.3
Agriculture, Forestry & Fishing	13.8	8.4	6.3	17.0	5.0
Mining & Quarrying	-60.5	-60.0	-62.5	-27.6	115.9
Manufacturing	-2.2	4.4	5.7	9.5	3.7
Construction	5.9	3.5	-5.2	-3.1	-4.7

# AGRICULTURE, FORESTRY & FISHING

- Real Value Added for the Agriculture industry grew by **5.0%**, based on PIOJ's production index, reflecting:
  - an increase in domestic hectares reaped (up 5.0%)
  - increased demand particularly from the Tourism sector associated with the gradual relaxation of measures previously implemented to stem the spread of COVID-19, as well as
  - the continuation of measures implemented by the GOJ to improve output in the industry.
- Other Agricultural Crops, was estimated to have grown by **2.9%** reflecting higher production in six of the nine crop groups. The most significant increases were recorded for:
  - Plantains, up 20.5%; Cereals, up 13.6%; Yams, up 8.8%; and Fruits, up 7.5%
- Higher level of output was recorded for Traditional Export Crop, which grew by **19.6%**, largely driven by increased production of Sugar Cane (up 36.8%), Coffee (up 11.9%), and Banana (up 20.8%), which outweighed a 36.1% decrease in Cocoa production.
- Animal farming was estimated to have increased by **5.8%** due to a 5.9% increase in broiler meat production and a 7.9% increase in egg production.

# MINING & QUARRYING

- ▶ Real Value Added for Mining & Quarrying is estimated to have increased by **115.9%**, reflecting an expansion in alumina production as crude bauxite production declined.
- ▶ Total bauxite production increased by 42.7% reflecting the combined effect of:
  - ▶ Alumina production, up by **191.8%** due to the reopening of the JAMALCO refinery which was not operational during the corresponding quarter of 2021.
    - ▶ The alumina capacity utilization rate increased to **29.4%**, up **19.3** percentage points compared with the corresponding quarter of 2021.
  - ▶ Crude Bauxite production, down **12.8%**
    - ▶ Average bauxite capacity utilization rate decreased by **6.6** percentage points to **44.8%**.

# MANUFACTURING INDUSTRY

- ▶ Real Value Added for the Manufacturing industry grew by an estimated **3.7%**, due to an increase in output in the Food, Beverages & Tobacco and Other Manufacturing sub-industries.

The performance was driven by:

- **Other Manufacturing, due to-**
  - A higher service factor as the petroleum refinery was open for 86.2 days relative to 48.3 days in the corresponding quarter.
  - Higher production was recorded for all Petroleum Products surveyed - Gasoline, up 116.9%; Fuel Oil, up 85.4%; Liquid Petroleum Gas (LPG), up 1070.4%; and Automotive Diesel Oil (ADO), up 108.2%.
- **Food, Beverages & Tobacco, due to-**
  - Food processing component - Poultry Meat, up 5.9%; Edible Fats, up 7.1%; Sugar, 53.2%; and Dairy Products, up 3.5%.
  - The Beverages & Tobacco component was, however, estimated to have declined evidenced by lower production production of Rum & Alcohol, down 36.4% and Carbonated Beverages, down 2.3%.

# CONSTRUCTION INDUSTRY

Real Value Added for Construction decreased by **4.7%**, reflecting an estimated contraction the Building Construction component which hindered the impact of growth in the Other Construction component. This was reflected in a 12.3% real decrease in the sales of construction related inputs.

- ▶ The decline in **Building Construction** component was influenced by:
  - ▶ Total Housing Starts by the NHT, down **8.4%** to **349** units
  - ▶ A **24.3%** decrease in the number of Mortgages disbursed by the NHT
  - ▶ A **5.0%** decline in the value of Mortgages disbursed by the NHT.
- ▶ Growth in the **Other Construction** component was due to increased capital expenditure on civil engineering activities reflecting:
  - ▶ NROCC, **up \$2.1 billion to \$2.2 billion**
  - ▶ JPS, **up \$1.0 billion to \$4.9 billion**

# REAL VALUE ADDED FOR THE SERVICES INDUSTRIES (%)

	Oct–Dec 2021	Jan–Mar 2022	Apr–Jun 2022	Jul–Sep 2022	Oct–Dec 2022
Services Industry	8.7	8.6	6.9	5.8	3.0
Electricity & Water Supply	5.8	1.4	2.0	3.9	1.7
Transport, Storage & Communication	10.1	8.8	5.6	5.9	3.8
Wholesale & Retail Trade; Repair and Installation of Machinery	10.6	8.8	7.6	2.3	-1.3
Finance & Insurance Services	2.7	0.7	1.1	1.0	1.0
Real Estate, Renting & Business Activities	2.1	1.1	2.1	3.3	1.5
Producers of Government Services	-0.1	0.4	0.4	0.1	0.1
Hotels and Restaurants	79.5	107.1	56.0	35.3	24.3
Other Services	10.4	12.1	9.8	13.1	9.5



# ELECTRICITY & WATER SUPPLY

The Electricity & Water industry recorded growth of **1.7%** in real value added, reflecting increases in both electricity and water consumption.

- ▶ Electricity consumption increased by **1.3%** reflecting higher consumption in three of the six categories:
  - ▶ General Service (small businesses using less than 25 kVa), **up 7.1%**
  - ▶ Power Service (large businesses using more than 25 kVa but less than 500 kVa), **up 5.4%**
  - ▶ Largest Power (single location that have a minimum peak demand of 2,000 kVa), **up 12.4%**
- ▶ Lower consumption was recorded for Residential, **down 2.4%**, Large Power (Businesses using more than 500kVa), **down 11.0%** and Street Lighting + Traffic Signals, **down 3.5%**
- ▶ Water consumption increased by **3.3%**
  - ▶ Eastern division (**up 2.0%**), and Western division (**up 5.8%**)

# TRANSPORT, STORAGE & COMMUNICATION

Real value added for Transport, Storage & Communication grew by **3.8%** due to an estimated expansion in the Transport & Storage sub-industry. This was due to:

- ▶ An increase in the air transport component, largely reflecting growth in passenger movements up 46.6%, due to Departures (up 44.9%) and Arrivals (up 43.1%).
- ▶ An increase in the Maritime transport component, driven by a 15.8% growth in the Cargo volume handled at Outports. This outweighed an estimated 0.3% decline in cargo volumes handled at the Port of Kingston.

# WHOLESALE & RETAIL TRADE; REPAIR & INSTALLATION OF MACHINERY (WRTRIM)

- Real Value Added for the WRTRIM industry decreased by **1.3%** representing a normalization of output following the strong recovery from the impact of COVID-19:
  - Decreased net remittance inflows by 4.0% to US\$ 535.5 million
  - Decline in the related Construction industry, resulting in less construction-related commodities being traded
- Lower sales were recorded for six of the eight goods categories, including:
  - Wholesale & Repair of Household Goods & Office Equipment, down 12.8%;
  - Hardware, Building Supplies, Electrical Goods & Machinery, down 11.6%;
  - Motor Vehicles, Auto Repairs and Accessories , down 4.1%; and
  - Agriculture, Food, Beverages & Tobacco, down 2.2%.

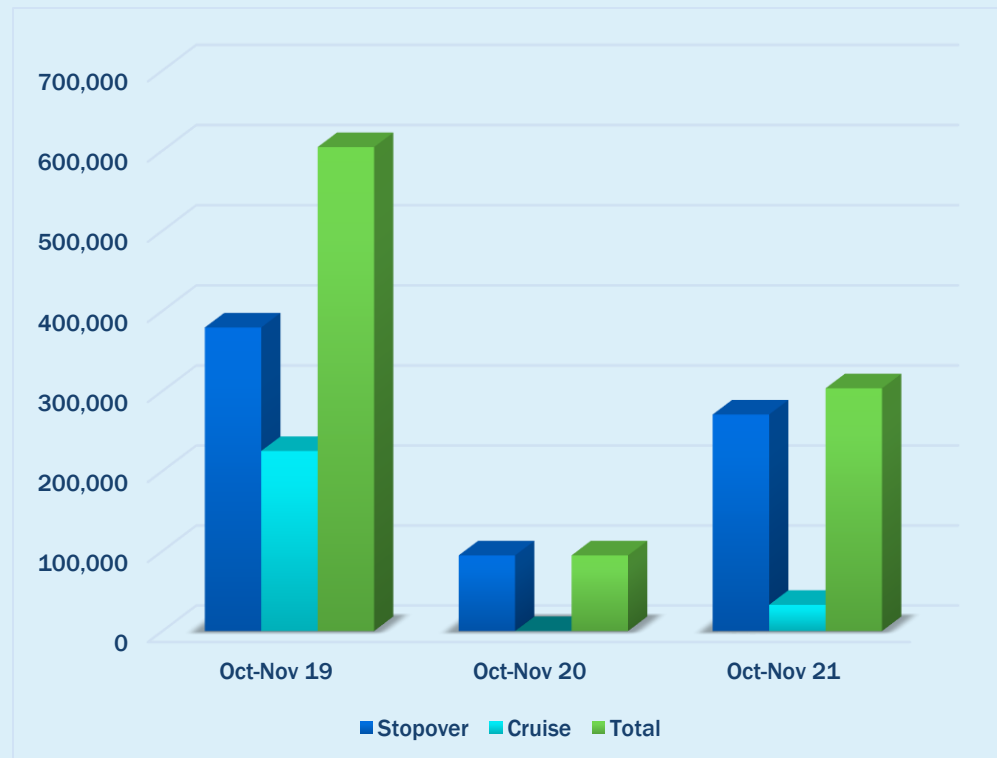
# FINANCE & INSURANCE SERVICES

Real value added in the Finance & Insurance industry increased by **1.0%**. The performance was influenced by:

- ▶ increased profitability of deposit taking institutions reflecting a rise in economic activities, and growth in business and consumer confidence; and
- ▶ higher fees and commission income.

# HOTELS & RESTAURANTS

- ▶ Real Value Added for Hotels & Restaurants **grew by 24.3%**.
- ▶ Total Stopover Arrivals increased by **92.6%** to 584 272 persons during October and November
- ▶ Cruise passenger arrivals amounted to 195 135 passengers relative to 32 719 in the corresponding period of 2021
- ▶ Total Visitor Expenditure rose by **46.3%** to US\$543.7 million



# LABOUR MARKET UPDATE

- Note that the labour force was expected to fully recover to pre-COVID levels within this Fiscal Year. However, no labour market survey was conducted for October 2022 and January 2023, given that STATIN is currently focused on conducting the National Census. Therefore, full recovery will not be confirmed until the next Labour Market Survey is available.

# THE MACROECONOMIC ENVIRONMENT

- The performance during the quarter took place against the background of:
  - Quarterly inflation rate for the period October-December **1.8%**
  - Fiscal Deficit of **\$4.5 billion**
  - Real depreciation of the exchange rate

# INFLATION

- For October-December 2021, inflation of **1.8%** largely reflected the impact of higher electricity prices pushed mainly by increased international prices for crude oil and LNG, reflected in the Housing, Water, Electricity, Gas and Other Fuels Division (7.1%).



# FISCAL ACCOUNTS

- The fiscal surplus was **\$18.2 million** for the quarter
  - This was **\$3.4 billion** better than budgeted due to:
    - \$19.6 billion (11.1%) higher than programmed revenue
    - \$16.1 billion (9.0%) higher than programmed expenditure
- Revenue & Grants totalled **\$195.613 billion** in October-December 2022 while Expenditure totalled **\$195.595 billion**.

# EXCHANGE RATE

- The average nominal exchange rate at the end of December 2022 was \$152.05 per US\$1.00, representing a 0.5% nominal appreciation compared with end of September 2021.
- This translates into a real exchange rate appreciation of 1.9% relative to the US dollar

# SHORT-TERM PROSPECTS, JANUARY-MARCH 2023

- ▶ Prospects for the overall economy in the short-term are positive based on:
  - ▶ Improved optimism about future prospects among firms
  - ▶ Higher demand, stemming from increased economic activities as all industries are forecast to grow, with the exception of Construction
  - ▶ Continued recovery in the economies of Jamaica's trading partners which augurs well for increased external demand eg. for tourism services
- ▶ The main risk factors identified include the impact of:
  - ▶ plant down-time due to relatively aged plant equipment in major industries
  - ▶ adverse weather conditions
  - ▶ slower than anticipated growth in the global economy
  - ▶ rising geopolitical tensions between Russia and the Ukraine.

# INFLATION JANUARY 2023

- Deflation of **0.6%** was recorded for January 2023 and largely reflected lower prices for:
  - Housing, Water, Electricity, Gas & Other Fuels, down 2.4% due to a decline in electricity rates
  - Food & Non-Alcoholic Beverages, down 0.9%, due to an increase in the supply of agricultural produce
- Inflation for the Fiscal Year-to-date (April 2022-January 2023) was **5.6%**

# HOTELS & RESTAURANTS JANUARY 2023

- Provisional data indicated:
  - Airport arrivals increased by **63.8%** to 215 799 Passengers

# MINING & QUARRYING

## JANUARY 2023

- Total bauxite production increased, reflecting the combined impact of:
  - Alumina, up 125.7%
  - Crude Bauxite, down 26.1%.

# GDP JANUARY-MARCH 2023

Real GDP is projected to grow within the range of **3.0%** to **5.0%** during January-March 2023 vis-à-vis January-March 2022.

As a result GDP for FY2022/23 is expected to grow within a range of **4.0%** to **6.0%**.