LEADING ECONOMIC INDICATORS

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LOCAL UPDATE December-2024

MARKET REVIEW

T-Bill Results

Tenure	Oct-24	Nov-24	Dec-24
3 month	6.63%	6.46%	6.28%
6 month	6.55%	6.35%	6.17%

Bond Market

The S&P Ratings Agency revised Jamaica's long-term foreign and local currency issuer Default rating credit rating to BB- and assigned a positive outlook. The optimistic outlook suggests the potential for an upgrade if further improvements in the policy framework enhance the prospects for more sustainable public finances and long-term balanced economic growth. S&P forecasts that large primary surpluses will reduce general government debt-to-GDP to 58.2% by fiscal 2024/2025.

JSE

	DEC	YTD
Main Index	↑ 4.42%	↑ 3.10%
Junior Index	↑ 0.34%	↓ 2.94%
USD Index	↓ 5.60%	↑ 9.02%

DEC
Main Market

Advance: Decline	31:17	
Volume Leader	SJ	
Big Winner	SGJ	↑ 19.55%
Heavy Loser	MPCCEL	↓ 20.09%
Market Cap.	$1,780.15B	↑ 4.60%

(Main Market)

KEY INDICATORS
December-24

	Period	YEAR 2024	YEAR 2023	Change 12 month	Change YTD	12 Mth Trend*
CAPITAL MARKET INDICATORS						
BOJ 30-day CD	Dec	6.34%	10.43%	-409bps	-409 bps	↓
6 month T-Bill	Dec	6.17%	8.46%	-229bps	-229 bps	↓
BOJ Policy Rate	Dec	6.00%	7.00%	-100 bps	-100 bps	↓
FX Rate	Dec	$156.42	$154.95	0.95%	0.95%	↑
JSE Junior Market Index	Dec	3,735	3,848	-2.94%	-2.94%	↓
JSE Main Index	Dec	335,795	325,700	3.10%	3.10%	↑
	Period	**YEAR 2024**	**YEAR 2023**	**Change 12 month**	**Change YTD**	**12 Mth Trend***
KEY MACRO-ECONOMIC INDICATORS						
Inflation (Y-o-Y)	Dec	5.00%	6.90%	-190bps	-190bps	↓
NIR (US$M)	Dec	$5,583.67	$4,748.10	17.60%	17.60%	↑
Tourist Arrivals*	Jan-Dec	4,300,000	4,122,100	4.3%		↑
Unemployment	Oct	3.5%	4.2%	-70bps		↓
Real GDP Growth	July-Sept	-3.5%	2.2%	-570bps		↓
Current Account Balance (US$M) (Preliminary results)	April-June	187.5	(18.5)	206.0		↑

KEY: Arrow Indicates Direction / Color Indicates Impact — *Favorable* | *Adverse* | *Indifferent*

**** Preliminary data results***

Commentary

THE JAMAICAN ECONOMY DROPS 3.5% FOR Q3 2024

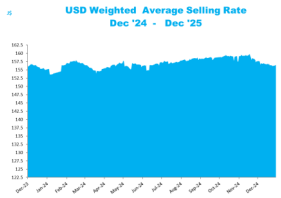
The Jamaican economy contracted by 3.5% in the September 2024 quarter, compared to the similar period in the previous year. Both the services and goods-producing sectors experienced declines of 2.2% and 7.2%, respectively. This marked the first contraction in the goods-producing sector following three consecutive quarters of growth. The economic downturn was primarily attributed to the impact of Hurricane Beryl in July 2024. In the goods-producing sector, the Agriculture, Forestry & Fishing and Mining & Quarrying industries were particularly affected, with severe weather damaging crops, delaying planting and harvesting, and causing extensive damage to a major alumina production plant. Mining & Quarrying saw a decline of 17.4%, while manufacturing and construction fell by 4.0% and 3.3%, respectively.

The 2.2% decline in the services sector was partly due to damage to Jamaica Public Service Company Ltd (JPS) infrastructure, which delayed power restoration in several parishes, leading to reduced electricity and water consumption. This negatively impacted the performance of the Electricity & Water Supply and Other Services industries. Most service industries recorded declines, except for Finance & Insurance Services, which grew by 0.8%, and Transport, Storage & Communication, which increased by 2.5%.

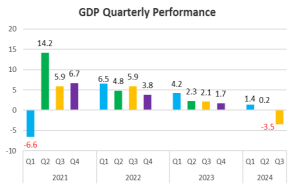
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Sector Performance



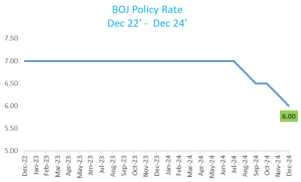
Foreign Exchange: At the end of December 31, 2024, the Bank of Jamaica's Weighted Average Selling Rate (WASR) stood at J$156.42. During 2024, the BOJ has conducted 38 foreign exchange interventions, injecting US$1,100.93 billion into the market, an increase from the US$936.80 million through 35 interventions between January to December 2023. For December 2024, there were no interventions.



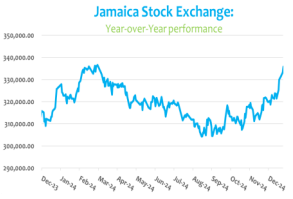
Remittances: Net remittance transfers for September 2024 experienced a decline of 0.2%, reaching US$262.4 million. This decline was driven primarily by a US$2.3 million, or 0.8%, drop in total remittance inflows. Remittance outflows also experienced a 8.7% declined from $21.5 million to $19.6 million. The United States continued to dominate as the largest source of remittance flows to Jamaica, accounting for 67.8% of total inflows in September. Other main contributors included the UK, which provided 11.0%, followed by Canada and the Cayman Islands, contributing 10.8% and 6.1%, respectively.



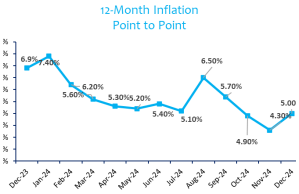
Net International Reserves: As of the end of December 2024, the Net International Reserves (NIR) stood at US$5.58 billion, reflecting a 3.24% increased from US$175.16 million at the end of the previous month. This increased in the NIR was primarily attributable to a increased in foreign assets, with currency and deposits increasing by US$157.36 million. Total foreign liabilities also experienced a declined from US$67.05 million in November 2024 to US$49.24 million in December 2024. The reserves as of December 2024 were sufficient to cover approximately 44.78 weeks of goods imports and 29.35 weeks of imports of goods and services, compared to 43.53 weeks and 28.53 weeks, respectively, in the prior month.



Interest Rates: The Bank of Jamaica (BOJ) lowered its policy rate by 25 basis points to 6.00%, following a similar cut in the previous month, signaling a shift toward more accommodative monetary policy aimed at supporting economic growth. The decision reflects the BOJ's confidence in the economic environment, which is conducive to maintaining low, stable, and predictable inflation. Nonetheless, BOJ expects that over the next eight quarters inflation to remain with the bank 4%-6% target range. The next policy rate announcement is scheduled for February 20, 2025.



Stock Market Performance: In December 2024, the stock market's Main Market saw a 4.42% increase compared to the previous month, with 31 stocks advancing and 17 declining. Among the key advancers were SGJ, MJE, and MGL, while notable decliners included MPCCEL, CPFV, and SRF. In the Junior Market, standout performers included INDIES, KEX, and BPOW as the top advancers, while KREMI, AFS, and JETCON led the list of top decliners. Trading volumes in the Main Market for December 2024 climbed to 1,178 million, compared to 356 million recorded in November, marking a 326.41% year-over-year increase. This was the highest recorded volume trading for any month in 2024. The higher trading volumes indicate increased market activity and investor engagement during the end of year.



Inflation: The All-Jamaica Consumer Price Index (CPI) climb by 1.2% for December 2024 to 143.5 compared to November 2024. On an annual basis, the point-to-point inflation rate for December 2023 to December 2024 stood at 5.0%, driven largely by increases in key categories such as 'Food and Non-Alcoholic Beverages' (1.9%), 'Housing, Water, Electricity, Gas, and Other Fuels' (2.4%), and 'Restaurants and Accommodation Services' (0.1%). The food division rose by 5.5%. This growth was influenced mostly by higher prices for agricultural produce such as cabbages, plantains, sweet peppers, tomatoes and sweet potatoes.

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GLOBAL UPDATES December-2024

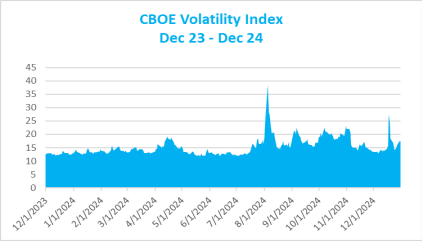
MARKET REVIEW

T-Bill Results

Tenure	Oct-24	Nov-24	Dec-24
3 month	4.64	4.58%	4.37%
6 month	4.43	4.42%	4.24%

CBOE Volatility Index

The CBOE Volatility Index (Vix), the stock market's fear gauge, shows higher volatility for December 2024 relative to a year ago. For the month of December, the index averaged 15.79 compared to 12.72 for December 2023. Markets continue to anticipate elevates price pressures arising from fiscal and trade policy shifts under the new Trump Administration.



S&P 500

	Dec	YTD
Consumer Disc	↑ 2.33%	↑29.13%
Consumer Stap	↓-5.24%	↑11.98%
Energy	↓-9.56%	↑2.31%
Utilities	↓-8.07%	↑19.58%
Health Care	↓-6.36%	↑ 0.90%
Industrials	↓-8.10%	↑15.64%
Technology	↑ 1.12%	↑35.69%
Communications	↑ 3.49%	↑38.89%
Materials	↓-10.91%	↓-1.83%
Financials	↓-5.58%	↑28.43%

KEY INDICATORS - US
December-24

Indicators	Period	Year		Change		12 Mth Trend
		2024	2023	12 Month	YTD	
CAPITAL MARKET INDICATORS						
UST 10-year	Dec	4.58%	3.88%	70bps	70 bps	↑
UST 30-year	Dec	4.78%	4.03%	75 bps	75 bps	↑
Dow Jones Industrial Average	Dec	42,573	37,696	12.9%	12.9%	↑
S&P 500	Dec	5,882	4,770	23.3%	23.3%	↑
Nasdaq Composite	Dec	19,622	15,011	30.7%	30.7%	↑
Nikkei 225	Dec	39,895	33,464	19.2%	19.2%	↑
INDICATORS						
Policy rate	Dec	4.50%	5.50%	-100 bps	-100 bps	↓
Crude Oil	Dec	$71.72	$71.88	-0.2%	-0.2%	↓
US CPI	Dec	315.61	306.7	2.9%	2.9%	↑

**KEY: Arrow Indicates Direction / Color Indicates Impact* — Favorable | Adverse | Indifferent

Commentary

US CPI and Jobs Data Show Signs of Stability Notwithstanding Persistent Pressures

The latest Consumer Price Index (CPI) data shows inflation ticking up slightly, with prices rising 0.4% month-over-month on a seasonally adjusted basis. This brings the point-to-point inflation rate to 2.9%, a figure that aligns with market expectations. Meanwhile, core CPI, which excludes volatile food and energy prices, rose 3.2% annually—marking a slight improvement from the previous month's 3.3% and signaling some progress in controlling underlying inflationary pressures.

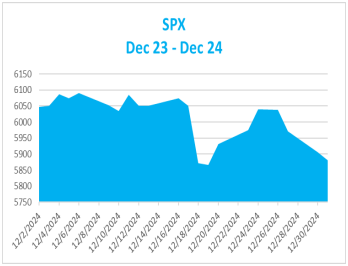
Shelter costs, which account for about one-third of the CPI calculation, increased by 0.3% for the month and were up 4.6% compared to last year. This marks the smallest annual increase in shelter costs since January 2022. However, energy prices reversed their recent downward trend, jumping 2.6% for the month, largely due to a 4.4% spike in gasoline prices, which contributed nearly 40% of the month's total CPI increase. On the other hand, food prices rose 0.3% in December and were up 2.5% for the year, while energy prices dropped slightly, down 0.5% over the same period.

Looking at the labour market, December's nonfarm payroll data painted a picture of resilience. Employers added 256,000 jobs during the month, comfortably beating the consensus forecast of 155,000. This marked an increase from November's 212,000 figure. The unemployment rate edged down to 4.1%, reflecting ongoing strength in job creation despite signs of an overall economic slowdown. Key drivers of job growth in December included health care (+46,000), leisure and hospitality (+43,000), and government (+33,000). Retail rebounded significantly, adding 43,000 jobs after a surprising loss of 29,000 positions in November.

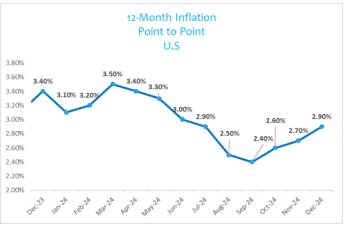
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US Market Performance

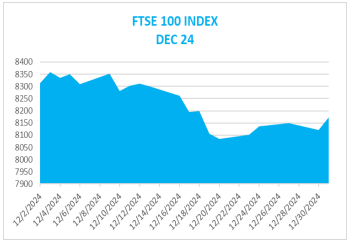


Stock Market: The U.S. market performed less than anticipated in the last month of 2024, tapering off from its high performance in the previous month. The S&P 500 ended December 2024 at 5,881.63, reflecting a 2.50% decline (-2.38% including dividends) from November's close of 6,032.30. Driving this downturn were sharp contractions in the Materials and Real Estate sectors, which dropped 10.91% and 9.15%, respectively. While most sectors experienced declines, Consumer Discretionary, Information Technology, and Communication Services showed resilience. Similarly, the Dow Jones Industrial Average fell by 5.27%, closing at 42,544.22, down from 44,910.65 in November. Market sentiment was dampened by concerns over a potential uptick in inflation driven by fiscal and trade policy shifts under the incoming Trump administration, which tempered expectations of additional Federal Reserve rate cuts in early 2025. This was compounded by heightened expectation that the Fed wilk likely adopt a 'wait-and-see' stance at the next meeting of its Federal Market Open Committee in January 2025 as it observes the Trump Administration in its honeymoon period.

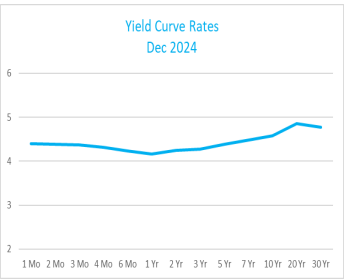


Interest Rates: On December 18, 2024, the Federal Open Market Committee (FOMC) lowered its benchmark overnight borrowing rate by a quarter percentage point, or 25 basis points, to a target range of 4.25%-4.50%. This represented the fourth consecutive rate cut by the Fed for the year, totaling a reduction of 100 basis points. The Federal Reserve's December meeting minutes highlighted a labor market that remains relatively strong but continues to cool.

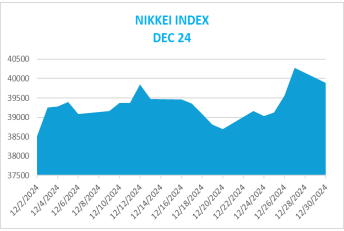
UK & European Economy



Inflation in the euro area ticked higher in December 2024, with the annual rate rising to 2.4% from 2.2% in November. While this marks a modest increase, it's still lower than the 2.9% recorded in December 2023, reflecting progress in managing price pressures. Services made the largest contribution to inflation (+1.78 percentage points), followed by food, alcohol, and tobacco (+0.51 pp), non-energy industrial goods (+0.13 pp), and energy (+0.01 pp). Core inflation remained steady at 2.7% for the fourth consecutive month, in line with expectations. However, services inflation edged higher, rising to 4% from 3.9%, signalling that price pressures in this sector persist. Meanwhile, the eurozone economy grew by 0.4% in the third quarter, reflecting resilience despite challenges. The UK's CPI increased by 2.5% in the 12 months to December 2024, a slight decline from the 2.6% annual rate in November. On a monthly basis, CPI rose by 0.3% in December, down from 0.4% in the same month of 2023.The largest downward driver of the annual inflation rate came from the hospitality sector, specifically restaurants and hotels. Core CPI, rose by 3.2% over the year, down from 3.5% in November. At its December 18, 2024, meeting, the Bank of England's Monetary Policy Committee voted 6-3 to maintain the Bank Rate at 4.75%. This larger-than-expected split reflects growing divisions among policymakers about how best to address a slowing economy that continues to grapple with persistent inflationary pressures.



GLOBAL OUTLOOK



Global headline inflation is expected to ease to 3.5% by the end of 2025, slightly below the pre-pandemic average of 3.6% from 2000 to 2019. Meanwhile, global growth in 2024 and 2025 is projected to remain stable at 3.2%, though low-income developing countries face notable downward revisions due to heightened conflicts. Going further, growth is anticipated to slow, declining from 3.3% in 2023 to 3.1% by 2029, reflecting a broadly flat trajectory. U.S. growth for 2024 has been revised upward to 2.8%, boosted by stronger consumption and business investment. The euro area is expected to recover modestly, with GDP growth improving from 0.8% in 2024 to 1.2% in 2025, driven by stronger exports and domestic demand. The United Kingdom is set to see accelerated growth, rising from 1.1% in 2024 to 1.5% in 2025 as inflation and interest rates decline, spurring domestic activity. Meanwhile, Japan's growth is expected to align with its potential, as the economy operates near full capacity.