



**Mayberry Investor Forum
Knutsford Court Hotel
January 17, 2018**

**Hon. Audley Shaw
Minister of Finance and the Public Service**

**Review of the Jamaican Economy for 2017 and
Outlook for 2018**

Good evening,

I thank the Mayberry Investments team for their invitation to address this gathering of investors and corporate movers and shakers at this first Investor Forum for 2018.

I am pleased to kick-off the 2018 series of investment forums by reviewing the performance of our economy in 2017 and providing some insight into the government's objectives for 2018.

Success of the Economic Programme

At the outset I wish to point out that our local economy has seen notable improvements in several areas with many others on the cusp of fruition.

Our ability to hold strain under the Precautionary Stand-By Arrangement (PSBA) with the International Monetary Fund (IMF) was no simple feat but we passed both 2017 bi-annual reviews that were conducted by a mission from the IMF in March and September.

Having met all quantitative targets and structural benchmarks, we are positioned to access as much as US\$790 million in funding support only if needed.

During her two-day working visit to Jamaica last November Managing Director of the Fund, Madame Christine Lagarde, herself, commended the efforts of the Jamaican government for stabilizing the macroeconomic climate, reducing the debt level

and establishing fiscal discipline precedence for the rest of the Caribbean.

Favourable Debt - Raising

Ladies and gentlemen, Jamaica has been positioned in a whole new light in the eyes of our international creditors and this is something that we intend to build on. A reflection of the more favourable view of Jamaica is evidenced by our bold and successful entry into the international bond market in August, 2017.

You will recall that we initially entered the market, after my investor roadshow in June 2017, for US\$300 million that was required for budgetary support. This offer was over-subscribed ten times with total orders of US\$3 billion.

With this massive oversubscription, we decided to take US\$1 billion instead and simultaneously redeemed more expensive local and overseas debt.

The yields were 5% on bonds due in 2028 and 6.45% for those due in 2045 – historical lows in the international capital market!

Inflation

On the domestic side, we have managed to hold the inflation rate within the targeted range of 4 - 6 per cent with the Statistical Institute of Jamaica recently reporting an inflation rate for the 2017 calendar year of 5.2 per cent. This, in spite of all the setbacks we suffered from weather related shocks.

The Jamaica Stock Exchange

I am proud of the phenomenal performance of the Jamaica Stock Exchange in promoting access to capital. The Jamaica Stock Exchange remains one of the best performing stock exchanges in the world measured by the performance of the indices.

The JSE ranked within the top 10 in the world at the end of December 2017.

For the period April 1, 2017 to December 31, 2017, the JSE Main Index advanced by 28.84%.

In the Junior Market Index, during the April to December 2017 period, the number of transactions increased by 58.6%, the volume traded increased by 139.7% and the value traded increased by 76.3% when compared with the similar period of 2016. This is a clear indication, ladies and gentlemen, that more investors are utilizing the market in the pursuit of capital for business expansion.

During the period April 1, 2017 to December 31, 2017, seven new companies were listed on the Exchange and raised a total of \$12.85 billion. Four of these companies were part of the Junior Market and raised \$1.2 billion during the period.

By the end of 2018 it is projected that at least 53 companies will be listed on the Junior Market raising equity capital of \$17.9b.

The prospective companies that are expected to list are drawn from various sectors in the economy such as medical and pharmaceutical, real estate, microfinance, service, IT, shipping and transportation and retail.

Increase in Employment

Ladies and gentlemen, last year we experienced the highest rate, in a single year, of job growth in over ten years.

The labour force has increased as a result of increased optimism and more persons seeking jobs.

Results of the Policy Shift from Direct to Indirect Taxation

You will also recall the implementation of the Income Tax Reform which saw an additional 200,000 Jamaican workers now exempt from paying PAYE because of the \$1.5 million threshold.

This move signalled the policy shift from direct to in-direct taxation, effectively increasing the spending power of Jamaicans

and empowering our people regulate their spending, saving and investment options.

We further saw an increase in GCT of \$5.43 billion, or 7.5 per cent in FY 2016/17 compared with the previous fiscal year as a result of the shift from direct to indirect taxation. This outturn showed that the increase in the PAYE threshold contributed to higher GCT revenues.

Objectives for 2018:

Ladies and gentlemen, we are quite cognizant that there is much work to be done for the rest of this current financial year and beyond.

Looking at the Business and Consumer Indices published in this morning's papers, we see that Business Confidence remains at its highest level in a year.

The survey puts Business confidence at 142.6 points for the fourth quarter of 2017 compared with 135.2 points in the third quarter and the 142 points recorded in the fourth quarter 2016.

But we also see that Consumer Confidence was weighed down by fears of crime. We have to get a handle of this situation. The eco-system for business growth must be supported by an environment in which people feel safe to leave their homes and go to work and businesses feel safe to expand and hire more staff.

Improving the cadre of skilled workers available to support growing industries such as Business Process Outsourcing is an important area of focus. Our National Training agency, the HEART Trust NTA, which was recently merged with the Jamaica Foundation for Lifelong Learning and the National Youth Service, has targeted training 17, 000 persons for March 31st 2018, specifically for the BPO sector.

JAMPRO, through its market research has projected 10, 750 new jobs will be added to the industry by the end of March and we must have the skill set to support the industry to ensure its continued growth.

Improving the access to credit as well as implementing production incentives schemes to support our farmers is also another area of focus. The Ministry of Agriculture is looking sharply at this as well as improving the network of irrigation canals locally to support farming. There are too many parcels of idle irrigable lands across the country. We intend to put these tap the potential of these lands for production.

Ladies and gentlemen, we must also look carefully at improving the linkages between the Agriculture and Tourism industries. In December, we welcomed our four millionth visitor at the Sangster International Airport.

With four million visitors comprising 1.9 million cruise passengers and 2.1 million stop over tourists, we must create stronger links between these industries.

As I close I must reiterate how pleased I am to be present at the 20th anniversary of this Investor Forum. I want congratulate the Mayberry team on this milestone and wish for the company all the best in its future endeavours.

Thank you