

Sterling Asset Management Investor Briefing
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Jamaica and the IMF—an overview of the way forward



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The EFF program--just over half time

- ✓ Macroeconomic scoreboard looks good
- ✓ Threat of an acute financial crisis—very real just two years ago—now seems a distant memory
- ✓ Debt-to-GDP has firmly been put on a downward trajectory
- ✓ Inflation around 4 percent—a historic low
- ✓ Much has been achieved, much remains to be done

Global Outlook

WEO Real GDP Growth Projections (July 2015)

(percent change from a year earlier)



World



U.S.



Area



Japan



Brazil



Russia



India



China

2014	3.4	2.4	0.8	-0.1	0.1	0.6	7.3	7.4
2015	3.3	2.5	1.5	0.8	-1.5	-3.4	7.5	6.8
2016	3.8	3.0	1.7	1.2	0.7	0.2	7.5	6.3

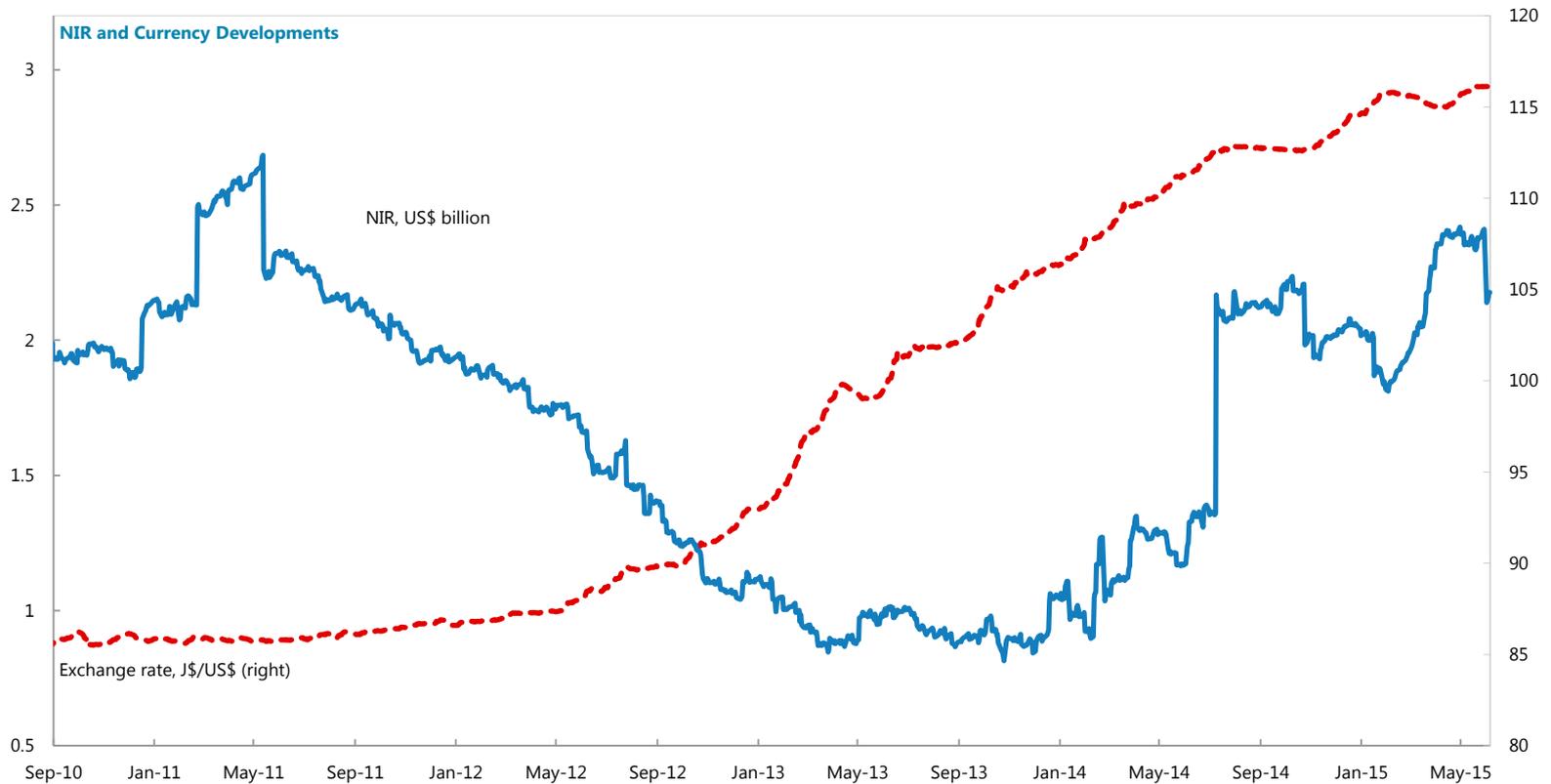
Lower global oil prices—impact on Jamaica's economy

- Higher growth
- Lower inflation
- Lower current account deficit
- Fiscal accounts: lower revenue, lower expenditures

Macroeconomic stability and supportive macroeconomic policies

- Initial (2013) tightening of fiscal and monetary policies, needed to rebuild buffers, now well behind us.
- Real exchange rate now at a level that supports competitiveness (a sustainable current account deficit)
- New CIT regime that lowers the effective rate of taxation, on any business

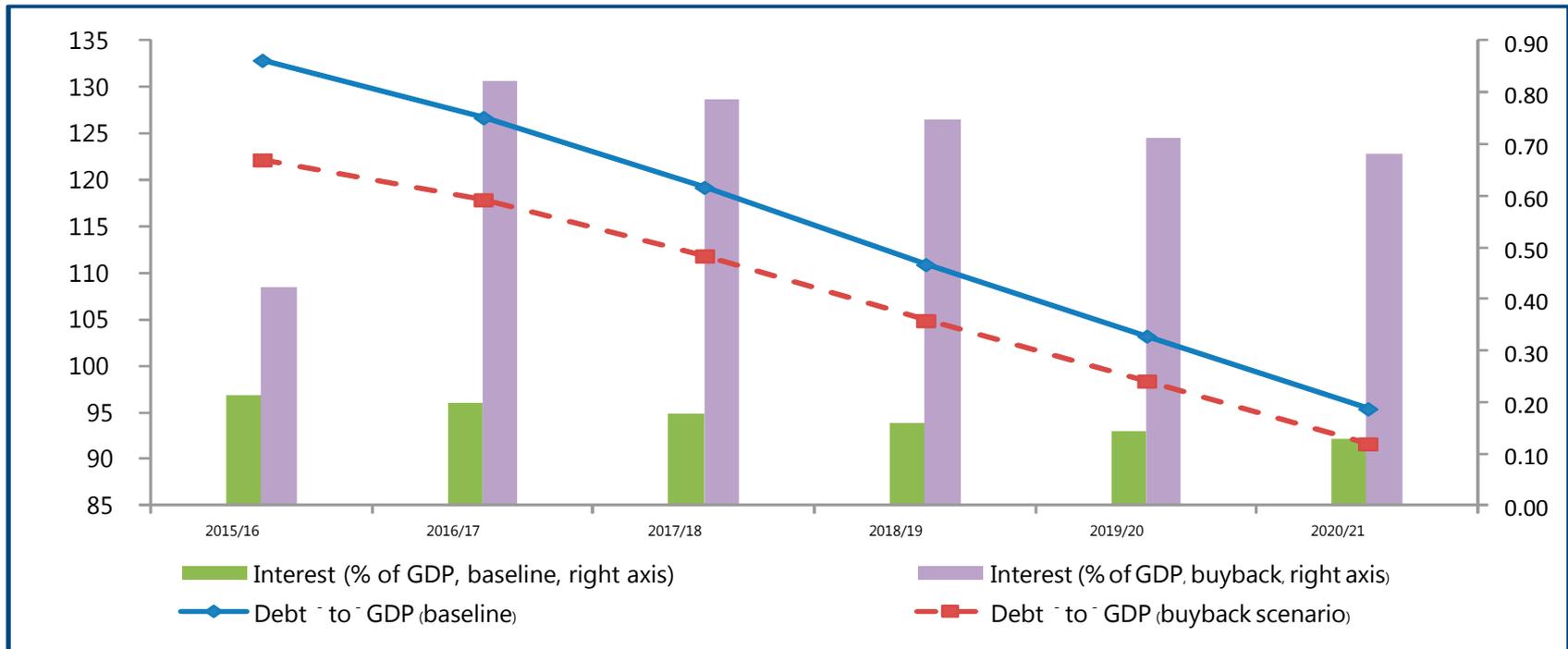
Exchange rate flexibility has contributed to a lower current account deficit and higher reserves.



PetroCaribe Debt Buyback generates fiscal savings

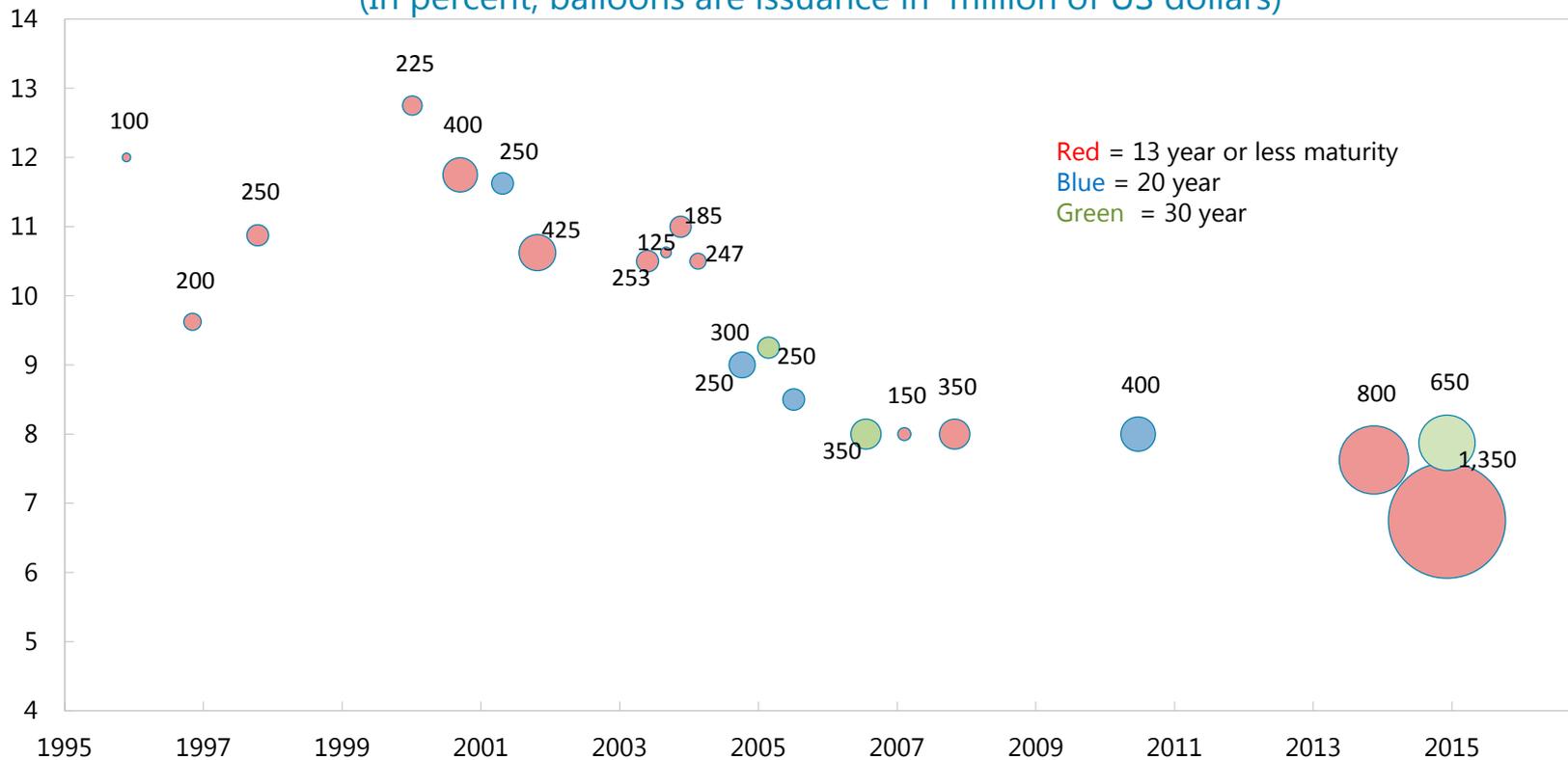
- Estimated NPV gain of around US\$300 million, or 2 percent of GDP
- Instant debt-to-GDP reduction of around 10 percent of GDP.
- Debt-to-GDP at 96 percent by 2020 now appears within reach.

PetroCaribe liability management operation puts debt-to-GDP on a lower trajectory.



International investors have provided a strong endorsement—larger amounts, at lower rates...

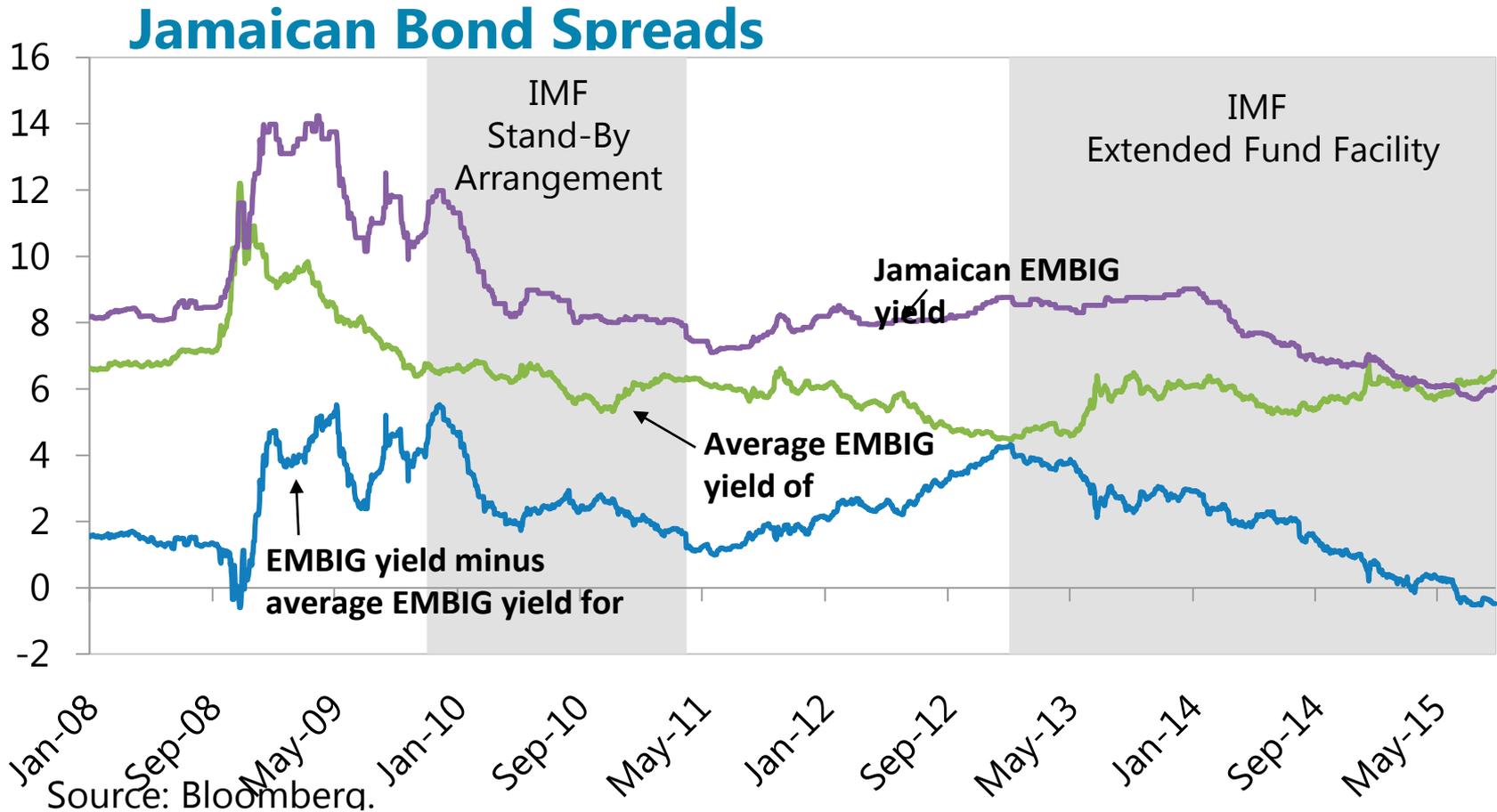
Jamaican international US\$ bonds by interest rate¹
(In percent, balloons are issuance in million of US dollars)



¹ The issuance in 2011 reflect re-opened terms for the 2008 bond.

Source: Bloomberg; Dealogic.

...also when compared to other emerging markets.

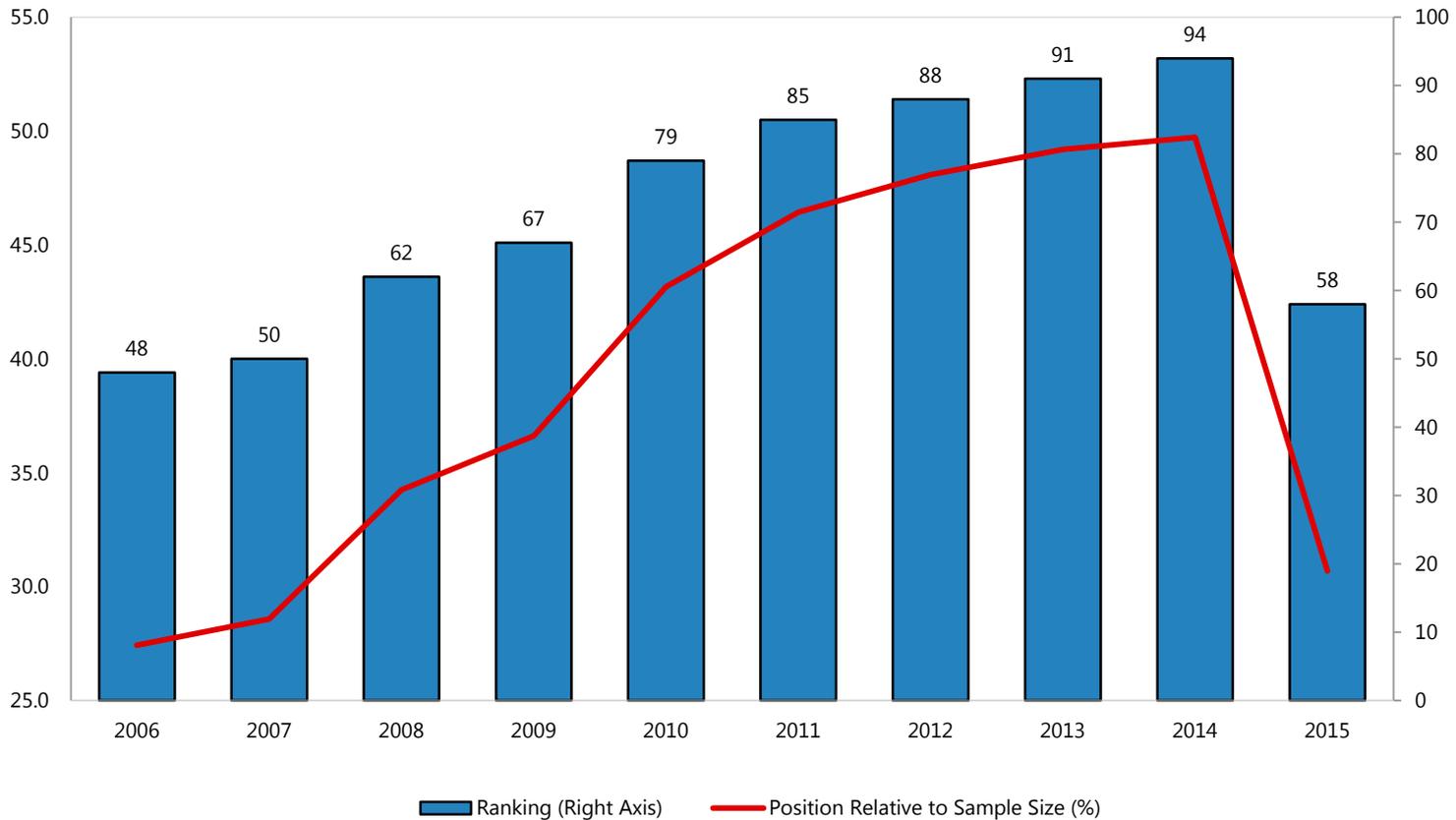


Boosting Growth

- Business climate: cheaper electricity; faster construction permits
- Strategic projects: e.g. North-South Highway, KCT, Norman Manley International Airport
- Reducing crime
- Easier access to credit for medium and small sized enterprises
- Making room for public expenditure on long term priorities by reducing both public debt and the public wage bill.

The business climate is improving—fast....

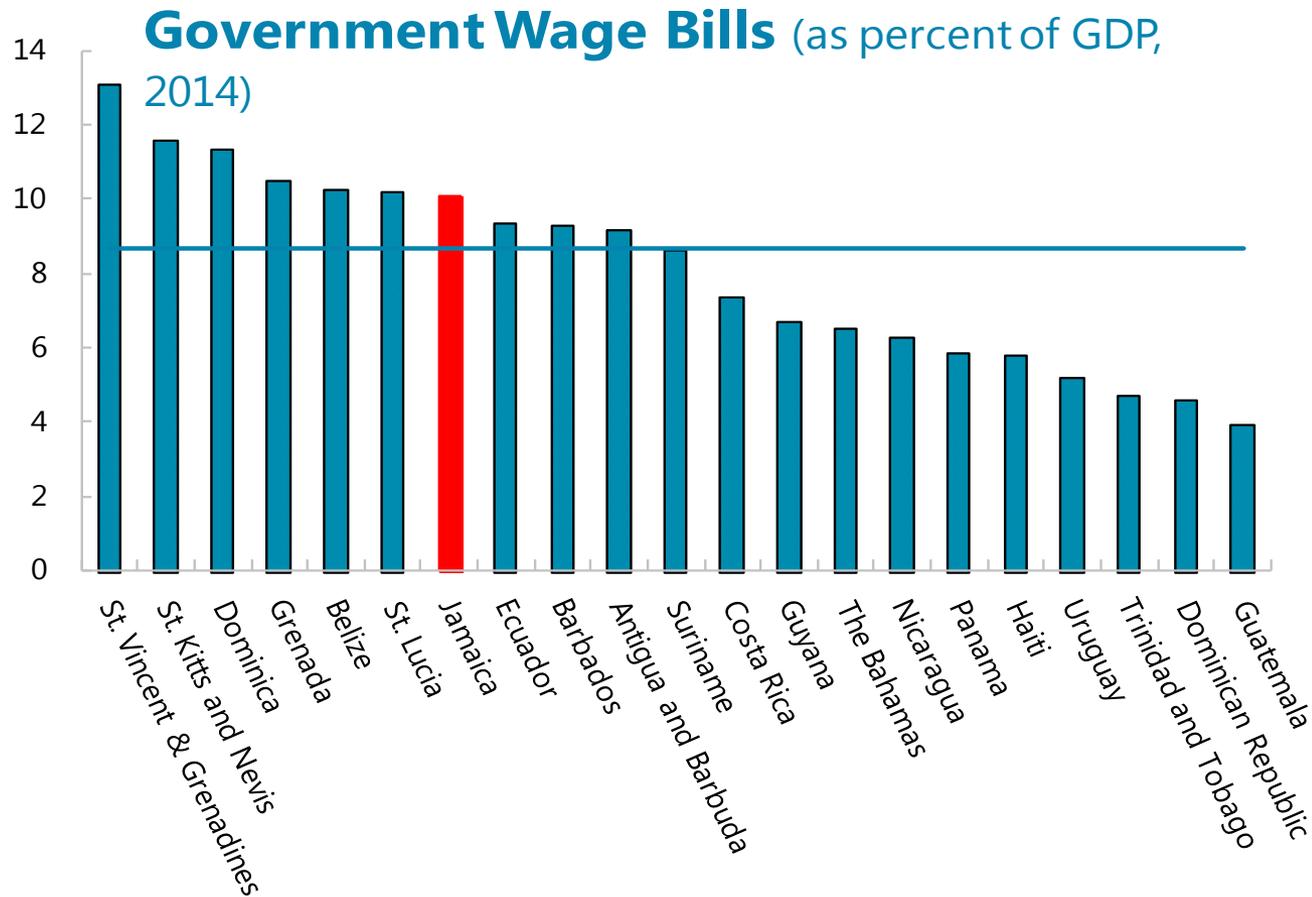
Jamaica: Doing Business Ranking
(2006 -2015)



... while bottlenecks in infrastructure are being addressed.



Wage bill remains very high by international standards, crowding out capital spending.



The IMF and other IFIs are investing, too

- IMF Extended Fund Facility, approved May 1, 2013
- Four year, US\$950 million program (225 percent of quota)
- Eighth review completed, June 16, 2015
- Team conducted the 9th review in August—Board meeting expected in September.
- In total, 15 reviews are scheduled.

Thank you!

- Questions?