

## Jamaica's 2021/2022 Budget: Summary

The Government of Jamaica (GOJ) presented a budget of J\$830.8 billion for the fiscal year April 2021 to March 2022. Of this budget, the government allocated J\$541.3 billion to non-debt related expense which includes programmes, compensation of employees and capital expenditures. The budgeted non-debt expenditure for FY 2021/22 reflects an increase of \$23 billion or 4.4% above the FY 2020/21 third supplementary budget released earlier during this fiscal year. As customary, the largest portion of the non-debt related expenditure was the allocation to education, which will represent approximately \$114 billion or 21% of the non-debt expenditure budget. Debt servicing expenses are budgeted at J\$272.2 billion, of which amortization was budgeted at J\$146.3 billion and interest expenditure at J\$126.0 billion. Other outflows which include the Bank of Jamaica recapitalization was budgeted at J\$17.3 billion for the new fiscal year.

Revenues and Grants that will fund the FY 2021/22 budget is projected at J\$672.7 billion, an increase of 16.7% above the FY 2020/21 estimates. The government expects tax revenues to rebound by 12.5% in FY 2021/22 to J\$572.5 billion, Non-Tax Revenue to increase by 50.9% to J\$94.2 billion and Grants to increase by 15.2% to J\$5.8 billion. Noteworthy, the Bank of Jamaica will be providing a special dividend of \$33 billion (captured in Non-Tax Revenue), that will be used to help fund the J\$60 billion social and economic recovery and vaccine programme. This single unprecedented payment helped to close the budgetary gap and eliminated the need for new debt or new taxes. In terms of revenue measures, the government imposed a De minimis value of up to US\$500 on the outright/direct permanent exports, for the Customs Administration Fee (CAF). It is expected that this proposed imposition of a De minimis value, will assist in the growth of Jamaica's export sector, especially as it relates to Micro, Small and Medium Enterprises (MSMEs). This revenue measure adjustment will lead to an annualized loss of J\$70.9 million to the government.



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The fiscal balance, which is revenues less expenditures, not including amortization and other outflows, is budgeted at J\$5.4 billion, which is significantly higher than the estimated deficit of J\$78.0 billion for FY 2020/21. The GOJ's focus is geared at achieving the targeted fiscal balance and the corresponding primary balance which are the operational instruments being utilized to attain a Public Debt of no more than 60.0% of GDP by the end of FY 2027/28. The primary balance for FY 2021/22 is budgeted at J\$131.4 billion or 6.1% of GDP. Loan financing for FY 2021/22 is projected to be J\$130.3 billion, a reduction of 39.5% relative to FY 2020/21. The overall decline in loan receipts reflects the lower borrowing requirement due to a significant improvement in the fiscal balance and reduced amortization costs for FY 2021/22.

The government announced that the debt to GDP is perched at 110% but should decline to 100.7% by the end of FY 2021/22, and further decline to 76.8% by the end of FY 2024/25. The government also announced their plans to shift the annual income tax filing date from March 15 each year to April 15, or another date early in the fiscal year. Currently, approximately 50% of the government's revenues come only two weeks before the close of the financial year. For the government, this move will mean that the Revenue Authority will now collect the highest 50% of annual income tax revenue in the very first month of its fiscal year which puts the government in a better position to manage the fiscal operations to ensure that fiscal targets are met.

### EXPENDITURE BUDGET BREAKDOWN

Expenditure Items (Mns)	Third Suppl. Budget FY 2020/21	Budget FY 2021/22	%Δ
<b>Non-Debt Expenditure</b>	<b>518,259.80</b>	<b>541,261.20</b>	<b>4.44%</b>
Programmes	241,436.70	247,821.20	2.64%
Compensation of Employees	224,796.70	239,238.70	6.42%
Capital Expenditure	52,026.40	54,201.30	4.18%
<b>Debt Expenditure</b>	<b>294,808.60</b>	<b>272,245.20</b>	<b>-7.65%</b>
Interest	136,253.00	125,986.70	-7.53%
Amortization	158,555.60	146,258.50	-7.76%
<b>Other Outflows (incl'ds BOJ Recapitalization)</b>	<b>37,260.80</b>	<b>17,274.50</b>	<b>-53.64%</b>
<b>TOTAL</b>	<b>850,329.20</b>	<b>830,780.90</b>	<b>-2.30%</b>

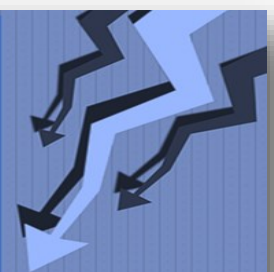
### REVENUE BUDGET BREAKDOWN

Revenue Items (Mns)	Third Suppl. Budget FY 2020/21	Budget FY 2021/22	%Δ
<b>Revenues and Grants</b>	<b>576,491.70</b>	<b>672,668.30</b>	<b>16.68%</b>
Tax Revenue	508,887.70	572,461.20	12.49%
Non-Tax Revenue	62,395.20	94,185.20	50.95%
Bauxite Levy	145.30	148.70	2.34%
Capital Revenue	48.00	96.40	100.83%
Grants	5,015.50	5,776.80	15.18%
<b>Loan Receipts</b>	<b>215,528.90</b>	<b>130,305.60</b>	<b>-39.54%</b>
Domestic	154,870.20	89,979.50	-41.90%
External	60,658.70	40,326.10	-33.52%
<b>Other Inflows (inc'ds PCDF)</b>	<b>6,243.10</b>	<b>4,348.70</b>	<b>-30.34%</b>
<b>TOTAL</b>	<b>798,263.70</b>	<b>807,322.60</b>	<b>1.13%</b>

### Debt to GDP

Estimated  
FY2020/21 - 110%

Projected  
FY 2021/22 - 100.7%  
FY 2024/25 - 76.8%



### Local Market Indices



### Foreign Exchange Market

Currency	10-Mar	9-Mar	DoD % Δ	YTD % Δ
USD:JMD	148.55	148.59	-0.03%	12.05%
GBP:JMD	204.28	206.05	-0.86%	5.5%
CAD:JMD	118.97	119.17	-0.17%	18.8%

#### Caribbean & Latam

- Latin American currencies firmed on Monday, with Brazil's real recovering from 10-month lows and Colombia's peso hitting two-week highs as the dollar and U.S. yields lost momentum after U.S. inflation data.

#### USA & Canada

- A gauge of global stock markets climbed for a second day on Wednesday to its highest level in a week and the Dow Jones Industrial Average hit a record high after a report on U.S. consumer prices calmed concerns about inflation.

#### Europe

- European stocks pulled back on Wednesday after surging close to pre-pandemic levels a day earlier, as worries about rising inflation kept investors on edge, with mining and travel stocks leading the retreat.

#### Asia

- Asian stocks bounced back from a two-month low on Wednesday after global bond yields eased following a well-received U.S. debt auction and as Chinese shares found a footing after recent steep falls on policy tightening worries.

### Local Equity Market

Stock Index	Today's close	DoD Δ	DoD% Δ	YTD % Δ	YoY% Δ
JSE Combined Index	393,509.83	-625.61	-0.16%	0.27%	-4.80%
JSE Index	393,880.25	-575.90	-0.15%	-0.44%	-6.40%
All Jamaican Composite Index	431,950.63	-655.57	-0.15%	-0.36%	-6.50%
JSE Select Index	9,786.53	1.97	0.02%	0.45%	-10.88%
Junior Market Index	2,903.78	4.33	0.15%	9.85%	21.15%

#### BEST AND WORST PERFORMERS

ADVANCERS		DECLINERS	
ICREATE	12.00%	BPOW	-13.12%
MDS	11.38%	CAC	-10.51%
PAL	8.87%	SOS	-9.25%

Today's combined market activity (excluding preference and deferred shares) resulted in trading of **78** stocks, of which **34** advanced, **38** declined and **6** traded firm.

### International Markets

International Equity Markets				
Index	10-Mar	DoD % Δ	YTD % Δ	YoY % Δ
S&P 500	3,898.81	0.60%	3.80%	35.27%
Dow Jones	32,297.02	1.46%	5.52%	29.09%
FTSE All Share	3,830.21	-0.04%	4.26%	14.92%
Euro Stoxx 50	3,819.92	0.89%	7.52%	31.27%
Nikkei 225	29,036.56	0.03%	5.80%	46.15%
MSCI World Index	667.77	0.72%	3.33%	35.87%

International Currency Market				
Currency	10-Mar	DoD % Δ	YTD % Δ	YoY % Δ
EUR: USD	1.1929	0.24%	-2.35%	5.74%
GBP: USD	1.39	0.32%	1.95%	7.94%
USD: CAD	1.26	-0.19%	-0.87%	-8.11%
USD: JPY	108.40	-0.07%	4.99%	2.61%

Global Interest Rates				
Rates	10-Mar	DoD Δbps	YTD Δbps	YoY Δbps
10-Year US Treasury Bond	1.52%	-1.00	61.00	72.00
10-Year UK Gilt	0.71%	-2.00	51.00	47.00
GOJ 2025 Global Bond	3.58%	1.00	13.00	-71.00

Commodities				
Commodity	10-Mar	DoD % Δ	YTD % Δ	YoY % Δ
Crude Oil	64.71	1.09%	33.37%	88.33%
Gold	1,725.19	0.53%	-9.12%	4.60%
Silver	26.18	0.94%	-0.85%	54.96%
Aluminium	2,168.00	-0.02%	9.52%	27.75%



# Mutual Funds

Fund Managers Ltd.

A member of the Group

## JN MUTUAL FUNDS

March 8, 2021

JN Mutual Funds	NAV Price	12 Months Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
<b>Global Diversified Income</b>	J\$13.9553	1.03%	0.83%	2.07%
<b>Global Equity</b>	J\$15.1254	-3.91%	0.46%	0.00%
<b>Global Fixed Income</b>	J\$12.8336	5.84%	1.40%	5.32%
<b>Global Money Market (US\$)</b>	US\$10.6770	3.53%	0.55%	3.48%
<b>Global Fixed Income (US\$)</b>	US\$10.8901	5.15%	-1.12%	4.64%
<b>Local Money Market</b>	J\$11.1668	4.69%	1.23%	4.38%

	Global Money Market Fund	Local Money Market Fund	Global Fixed Income Funds	Global Diversified Income Fund	Global Equity Fund
<b>Objective</b>	To preserve capital whilst providing US dollar (US\$) money market returns	To preserve capital whilst providing Jamaican Dollar (J\$) money market returns	To achieve an attractive total return through capital injection and income growth. This is offered through two separate Funds: (i) A Jamaican dollar (J\$) and (ii) A US dollar (US\$) fund.	To provide long-term investment growth through exposure to a diversified range of asset classes.	To provide long-term capital growth and risk diversification.
<b>Strategy</b>	To invest in local and global money market instruments for safety, liquidity and yield.	To invest in local and global money market instruments for safety and liquidity and yield	To invest in regional, sovereign debt securities, local and international corporate bonds.	To invest in fixed income, high dividend yielding stocks, REITs and structured products	To invest in the shares of local and international companies which offer strong growth possibilities and consistent income

With a suite of six investment portfolios, each with a distinct financial profile, JN Mutual Funds offers a premium opportunity for investors to align their personal financial strategy with their goals, time horizons and risk profile.

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