

Sagicor Annual Investment Seminar
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Unlocking Investment Opportunities in Jamaica



Bert van Selm
*IMF Resident Representative in
Jamaica*

What does it take for investment to take off?

- ✓ A supportive external environment: global and US growth, falling oil prices
- ✓ Macroeconomic stability—supportive macro policies
- ✓ A business-friendly regulatory environment
- ✓ Better infrastructure
- Animal spirits?

Global Cross Currents

WEO Real GDP Growth Projections (January 2015)

(percent change from a year earlier)



World



U.S.



Area



Japan



Brazil



Russia



India



China

2013	3.3	2.2	-0.5	1.6	2.5	1.3	5.0	7.8
2014	3.3	2.4	0.8	0.1	0.1	0.6	5.8	7.4
2015	3.5	3.6	1.2	0.6	0.3	-3.0	6.3	6.8

Lower global oil prices—impact on Jamaica's economy

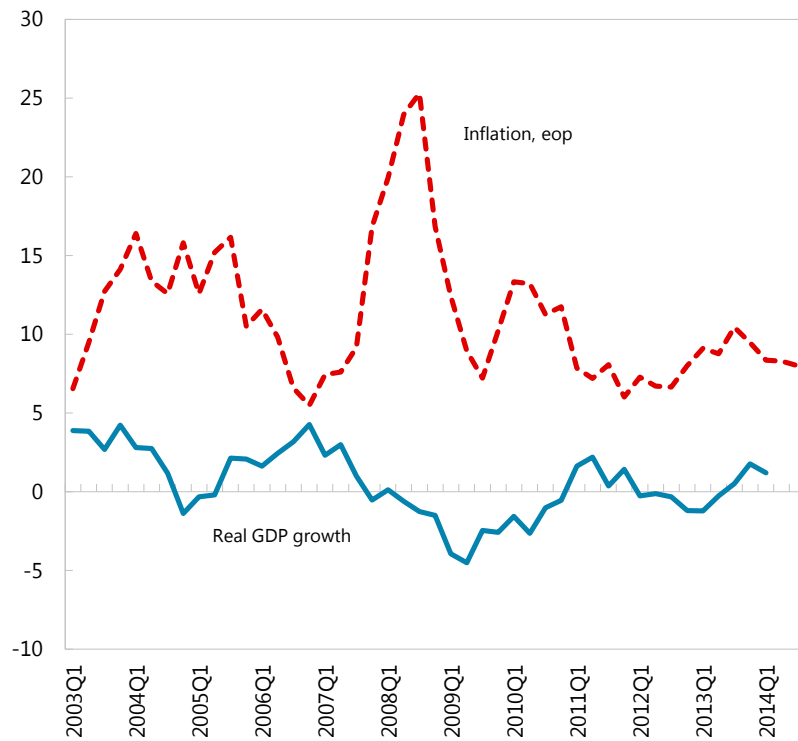
- Higher growth
- Lower inflation
- Lower current account deficit
- Fiscal accounts: lower revenue, lower expenditures

Macroeconomic stability and supportive macroeconomic policies

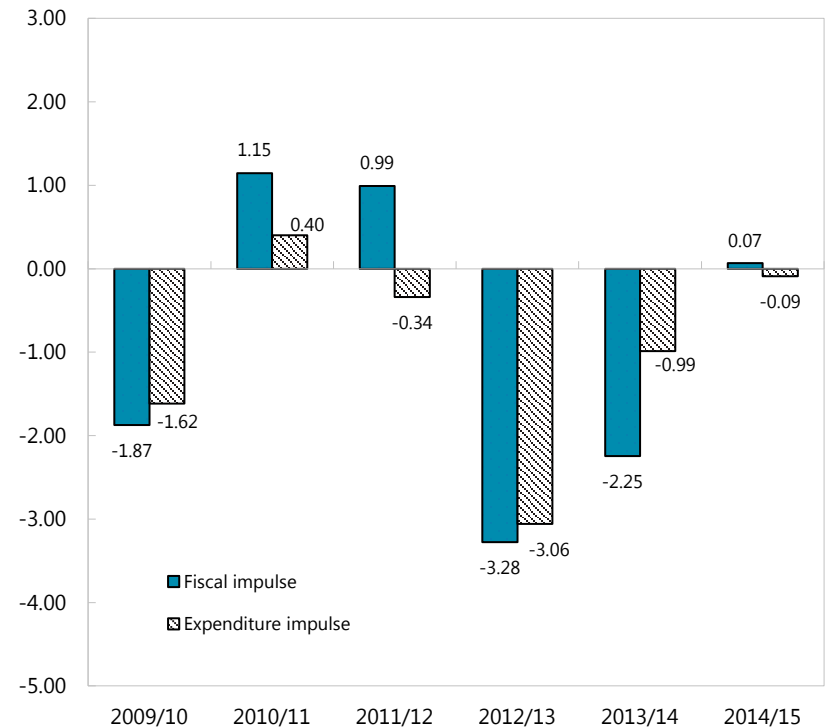
- Debt-to-GDP, while still very high, now firmly on a downward trajectory.
- Initial (2013) tightening of fiscal and monetary policies, needed to rebuild buffers, now well behind us.
- Real exchange rate now at a level that supports competitiveness (a sustainable current account deficit)
- New CIT regime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

Tentative signs of a recovery, in spite of the negative fiscal impulse....

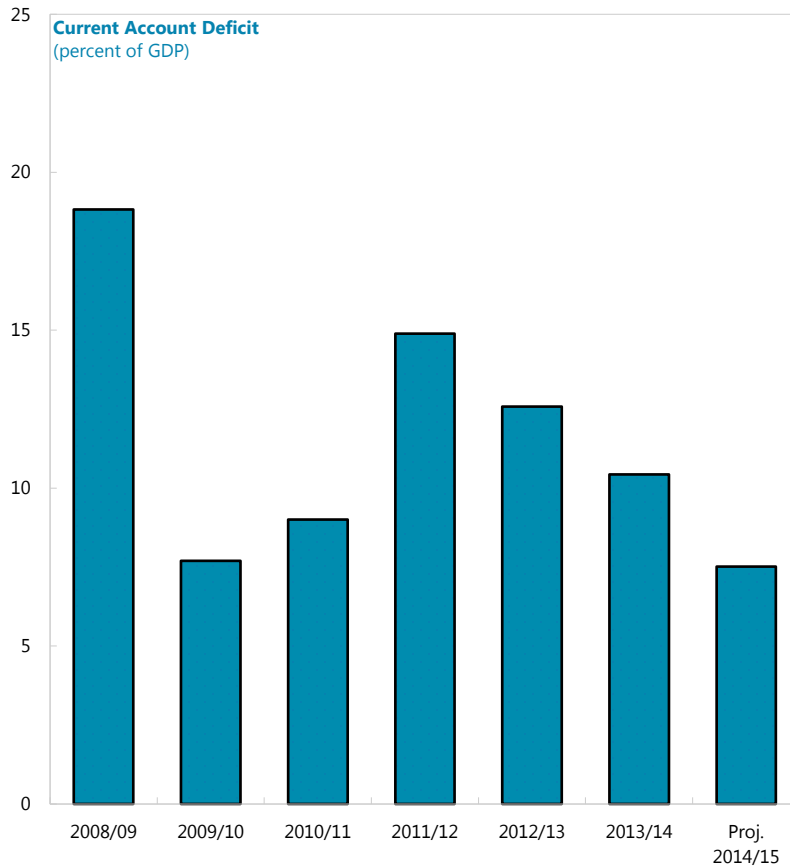
Real GDP Growth and Inflation
(percent change)



Fiscal and Expenditure Impulses: Initial Contributions to Growth in Aggregate Demand
(percent of previous year's GDP)

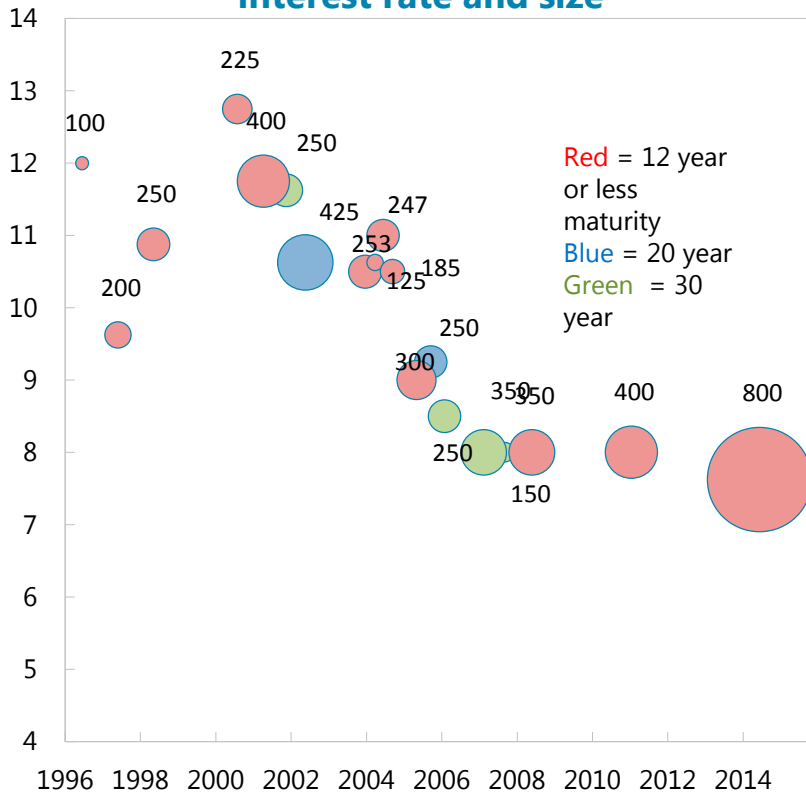


...increasing reserves, and a lower current account deficit.



International investors have received the message.

Jamaican international US\$ bonds by interest rate and size¹



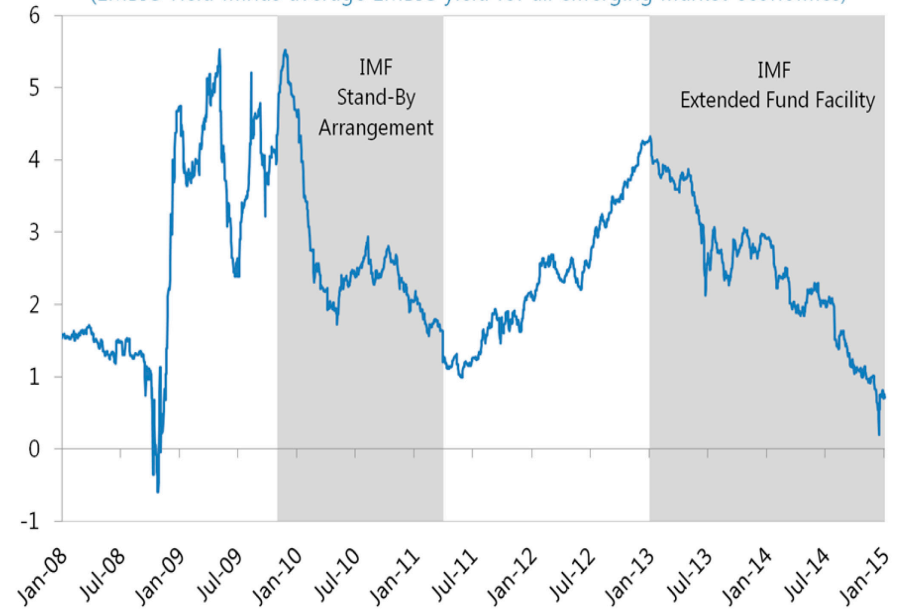
1996 1998 2000 2002 2004 2006 2008 2010 2012 2014

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

Source: Bloomberg; Dealogic.

Jamaican Bond Spreads

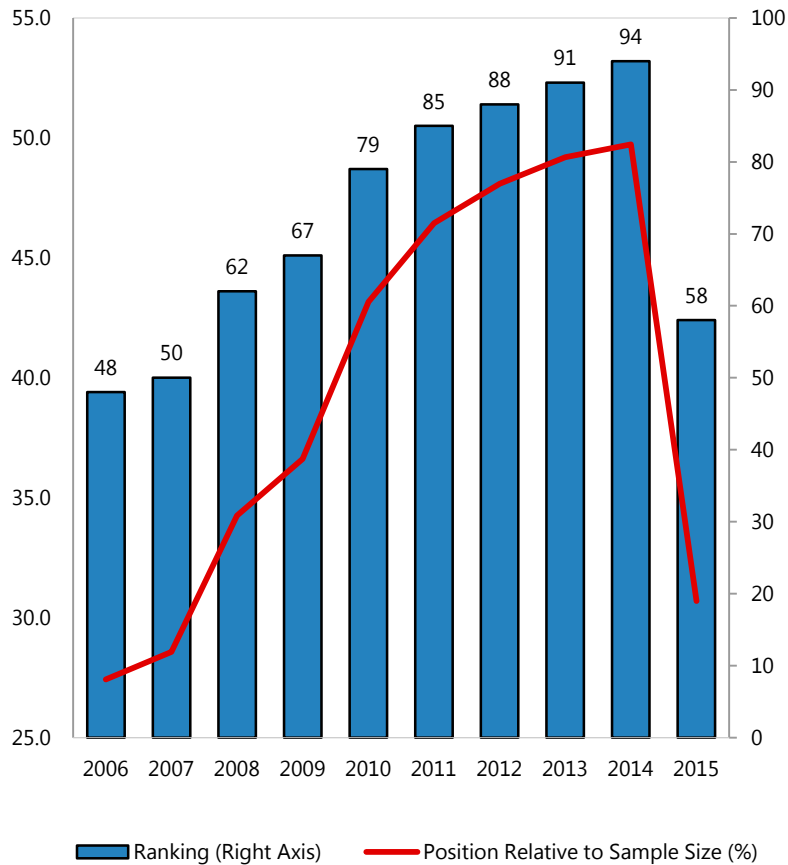
(EMBIG Yield minus average EMBIG yield for all emerging market economies)



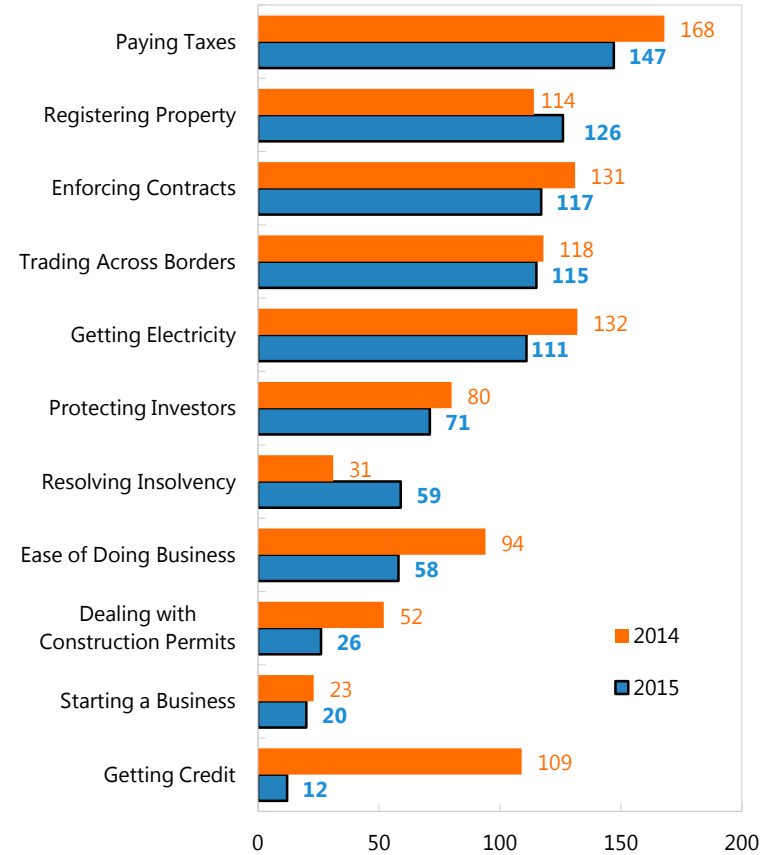
Source: Bloomberg.

The business climate is improving—fast....

Jamaica: Doing Business Ranking (2006 -2015)



Jamaica: Doing Business, 2014 - 2015 (rank out of 189 economies)



... while bottlenecks in infrastructure are being addressed.



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)
- Sixth review completed, December 19, 2014
- Team conducted the 7th review in February—Board meeting expected in March.
- In total, 15 reviews are scheduled.

Thank you!

- Questions?