



News Release
08 September 2006

Jamaica Balance of Payments (April 2006)¹

- *Provisional data indicate that there was a significant improvement in the current account deficit in April 2006, largely related to strong earnings on the travel sub-account. The deficits on the merchandise trade and income accounts also narrowed in the month.*
- *In the capital and financial account, net inflows from private transactions were more than sufficient to offset net amortization of Government's external debt, as well as the deficits on the current and capital accounts. In this context, the net international reserves (NIR) increased for the month.*
- *Influenced by improvements in the surpluses on the services and current transfers accounts, as well as reduction in the deficit on the income account, there was a contraction in the current account deficit for the period January to April 2006.*
- *Net private investment inflows were sufficient to cover the deficits on the current and capital accounts, resulting in a build-up in the NIR over the period.*

April 2006

Provisional data suggest that the current account deficit improved significantly by US\$59.2 million in April 2006 to a deficit of US\$12.9 million (see **Table**). **This improvement stemmed primarily from an increase in the surplus on the travel account. The travel account benefited from respective increases of 31.6 per cent and 10.6 per cent in stopover and cruise passenger arrivals.** Declines in the deficits on the income and trade accounts also contributed to the narrowing of the current account deficit. The lower deficit on the income account was associated with a reduction in the imputed profit remittance of direct investment companies. Within the trade account, a fall of US\$18.4 million in imports was associated with contractions in manufactured goods and food imports. Receipts from exports fell in the month, reflecting lower earnings from alumina and sugar. The fall in alumina exports earnings reflected a 39.0 per cent reduction in export volumes and occurred in the context of industrial action in the sector.

¹ See Balance of Payments Monthly Statistical Update for more details at:
http://www.boj.org.jm/publications_home.php

Within the capital and financial accounts, net private investment inflows were more than sufficient to finance the public sector's net amortization of external debt, as well as the deficits on the capital and current accounts. As a result, the NIR of the Bank of Jamaica increased by US\$73.7 million for the month.

January – April 2006

The current account deficit was estimated at US\$233.5 million for January – April 2006, which was US\$7.3 million lower than the deficit in 2005. This improvement was largely attributed to significant increases in the surpluses on the services and current transfers account, complemented by a reduction in the deficit on the income account. There was, however, an increase in the merchandise trade deficit.

The higher surplus on the services account was attributed to growth of 15.7 per cent and 8.8 per cent in stopover and cruise passenger arrivals over the period, relative to the same period in 2006, while the transfers account benefited from an increase of 1.7 per cent in gross private remittance inflows. The contraction in net investment income outflows was associated with lower profit remittances of the direct investment companies. With respect to the trade account, there was an expansion in payments for fuel import reflecting the impact of a 29.5 per cent increase in oil price on the international market for the review period. In addition, the purchase of a power barge in February contributed significantly to growth in imports of machinery and transportation equipment.

Within the capital and financial accounts, net private investment inflows were more than sufficient to finance the deficits on the current and capital accounts. In this context, there was a build-up of US\$64.5 million in the NIR over the period. At end April 2006, the gross reserves stood at US\$2 440.8 million, representing 18.3 weeks of projected imports of goods and services.

BALANCE OF PAYMENTS SUMMARY

US\$MN

	1/			1/		
	Apr 2005	Apr 2006	Change	Jan-Apr 2005	Jan-Apr 2006	Change
1. CURRENT ACCOUNT	-72.1	-12.9	59.2	-240.8	-233.5	7.3
A. GOODS and SERVICES	-161.0	-112.0	49.0	-561.4	-574.4	-13.0
a. GOODS BALANCE	-208.6	-201.2	7.4	-809.8	-903.9	-94.1
Exports (f.o.b.)	169.4	158.4	-11.0	550.6	676.5	125.9
Imports (f.o.b.)	378.0	359.6	-18.4	1360.4	1580.4	220.0
b. SERVICES BALANCE	47.6	89.2	41.6	248.4	329.5	81.1
Transportation	-28.1	-15.9	12.2	-74.2	-76.1	-1.9
Travel	108.7	140.4	31.7	460.9	547.9	87.0
Other Services	-33.0	-35.3	-2.3	-138.3	-142.3	-4.0
B. INCOME	-46.7	-35.3	11.4	-210.8	-197.5	13.3
Compensation of employees	3.1	2.2	-0.9	11.6	12.1	0.5
Investment Income	-49.8	-37.5	12.3	-222.4	-209.6	12.8
C. CURRENT TRANSFERS	135.6	134.4	-1.2	531.4	538.4	7.0
Official	10.5	11.6	1.1	52.9	47.3	-5.6
Private	125.1	122.8	-2.3	478.5	491.1	12.6
2. CAPITAL & FINANCIAL ACCOUNT	72.1	12.9	-59.2	240.8	233.5	-7.3
A. CAPITAL ACCOUNT	-0.4	-0.8	-0.4	-1.3	-2.6	-1.3
a. Capital Transfers	-0.4	-0.8	-0.4	-1.3	-2.6	-1.3
Official	0.0	0.0	0.0	0.1	0.0	-0.1
Private	-0.4	-0.8	-0.4	-1.4	-2.6	-1.2
b. Acq./disposal of non-prod. non-fin'l assets	0.0	0.0	0.0	0.0	0.0	0.0
B. FINANCIAL ACCOUNT	72.5	13.7	-58.8	242.1	236.1	-6.0
Other official investment	-22.7	-1.5	21.2	-9.3	55.0	64.3
Other private investment 2/	204.0	88.9	1.0	403.3	245.6	-157.7
Reserves	-108.8	-73.7		-151.9	-64.5	

1/ Provisional

2/ Includes errors & omissions

BANK OF JAMAICA