

News Release
11 May 2007

Jamaica Balance of Payments¹ January 2007

- *Provisional data for January 2007 show that there was a deterioration in the current account of Jamaica's Balance of Payments. This deterioration was due to expansions in the deficit on the merchandise trade and income accounts as well as a decline in the surplus on the services account. These changes were partly offset by an increase in the surplus on the current transfers account.*
- *In the financial account, net private and official capital inflows were insufficient to finance the deficits on the current and capital accounts. In this context, the net international reserves (NIR) declined for the month.*

January 2007

Provisional data indicate that the current account deficit widened to US\$128.3 million in January 2007, compared with a deficit of US\$102.3 million in January 2006 (see **Table**). **This deterioration resulted largely from respective expansions of US\$14.7 million and US\$12.4 million in the deficits on the merchandise trade and the income accounts.** The widening in the trade deficit primarily reflected an increase of US\$34.6 million in imports, as there was growth of US\$19.8 million in earnings from goods exports. The expansion in imports was attributed to higher expenditure on machinery & transport equipment, food and manufactured goods imports. Notably, there was a significant decline of US\$53.9 million in spending on fuel imports. The growth in exports was largely due to an increase of US\$15.3 million in non-traditional exports (including waste & scrap metals, ethanol and other manufactured goods).

With respect to the services account, the lower surplus for the month stemmed from higher transportation outflows associated with the growth in imports. Partly offsetting the effect of this expansion was growth of US\$10.1 million in gross travel inflows, related to a 7.0 per cent rise in cruise visitor arrivals, as well as a marginal increase in the average length of stay of stopover visitors.

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

The expansion in the deficit on the income account was mainly attributed to an estimated increase in the imputed profit remittances of the direct investment companies. An increase of US\$9.2 million in net current transfers reflected growth of US\$8.6 million in gross private inflows, which was principally related to increased inflows through the remittance companies and building societies.

Within the capital and financial accounts, net private and official investment inflows were insufficient to finance the deficits on the current and capital accounts. As a result, the NIR of the Bank of Jamaica declined by US\$29.2 million for the month. At end-January 2007, the gross reserves stood at US\$2 357.3 million, representing 17.5 weeks of projected imports of goods and services.

BALANCE OF PAYMENTS SUMMARY			
US\$MN			
	1/		
	Jan	Jan	
	2006	2007	Change
1. CURRENT ACCOUNT	-102.3	-128.3	-26.0
A. GOODS and SERVICES	-187.1	-209.9	-22.8
a. GOODS BALANCE	-262.3	-277.0	-14.7
Exports (f.o.b.)	146.7	166.5	19.8
Imports (f.o.b.)	409.0	443.5	34.6
b. SERVICES BALANCE	75.2	67.1	-8.1
Transportation	-19.0	-31.2	-12.2
Travel	132.5	138.7	6.1
Other Services	-38.3	-40.4	-2.1
B. INCOME	-45.4	-57.8	-12.4
Compensation of employees	4.7	1.6	-3.1
Investment Income	-50.1	-59.4	-9.2
C. CURRENT TRANSFERS	130.3	139.4	9.2
Official	11.7	11.6	-0.1
Private	118.5	127.8	9.3
2. CAPITAL & FINANCIAL ACCOUNT	102.3	128.3	26.0
A. CAPITAL ACCOUNT	-0.6	-0.4	0.2
a. Capital Transfers	-0.6	-0.4	0.2
Official	0.0	0.1	0.1
Private	-0.6	-0.5	0.1
b. Acq./disposal of non-prod. non-fin'l assets	0.0	0.0	0.0
B. FINANCIAL ACCOUNT	102.8	128.7	25.8
Other official investment	0.9	14.4	13.5
Other private investment 2/	108.0	85.1	-23.0
Reserves	-6.1	29.2	
1/ Provisional			
2/ Includes errors & omissions			
BANK OF JAMAICA			