

News Release
09 March 2007

Jamaica Balance of Payments (November 2006)¹

- *Provisional data for November 2006 show a deterioration in the current account, due primarily to a widening of the merchandise trade deficit.*
- *In the financial account, net official capital inflows were more than sufficient to finance the deficit on the current account. In this context, the net international reserves (NIR) increased for the month.*
- *Influenced by higher deficits on the trade and income accounts, there was an expansion in the current account deficit for the period January to November 2006. The other sub-accounts recorded improvements.*
- *Net official and private investment inflows were more than sufficient to finance the deficit on the current account, resulting in a build-up in the NIR for the period.*

November 2006

Provisional data indicate that the current account deficit expanded by US\$23.3 million to US\$125.5 million in November 2006 (see **Table**). **This deterioration resulted from robust growth in imports driven mainly by respective increases of US\$38.4 million (50.1 per cent) and US\$18.1 million (20.1 per cent) in payments for fuel and machinery & transport equipment.** Partly offsetting the growth in imports was an expansion of US\$18.3 million in earnings from non-traditional exports, in particular waste & scrap metals and ethanol.

There were increases in net inflows from travel and current transfers in the review month. The travel sector benefited from an increase of 19.2 per cent in cruise visitor arrivals, while the higher surplus on the current transfers account stemmed from an increase of US\$15.1 million in net inflows to the private sector.

Within the capital and financial accounts, net official and private investment inflows were more than sufficient to finance the deficit on the current account. As a result, the NIR of the Bank of Jamaica increased by US\$46.6 million for the month.

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

January – November 2006

For the period January – November 2006, the current account deficit was estimated at US\$1 115.1 million, which was US\$59.3 million higher than the deficit for the comparable period in 2005. This performance was largely attributed to a significant increase in the deficit on the goods account, the impact of which was partially offset by higher surpluses on the services and current transfers accounts.

The deterioration on the goods account stemmed primarily from respective expansions of US\$363.6 million and US\$251.4 million in payments for fuel and machinery & transport equipment. The effect of these expansions was partly offset by increased earnings from exports, particularly higher receipts from exports of refined fuel, waste & scrap metal and ethanol. The higher surplus on the services account was influenced by respective increases of 17.5 per cent and 15.1 per cent in stopover and cruise passenger arrivals. This was supported by an average increase of 6.2 per cent in the estimated daily expenditure per stopover and cruise visitor. An increase of 11.1 per cent in net private remittance inflows was responsible for the growth in current transfers.

Within the capital and financial accounts, net official and private investment inflows were more than sufficient to finance the deficit on the current account. In this context, there was a build-up of US\$265.8 million in the NIR over the period. At end-November 2006, the gross reserves stood at US\$2 421.1 million, representing 18.2 weeks of projected imports of goods and services.

BALANCE OF PAYMENTS SUMMARY

US\$MN

	Nov 2005	Nov ^{1/} 2006	Change	Jan-Nov 2005	Jan-Nov ^{1/} 2006	Change
1. CURRENT ACCOUNT	-102.2	-125.5	-23.3	-1055.8	-1115.1	-59.3
A. GOODS and SERVICES	-169.6	-207.0	-37.4	-1869.1	-2062.6	-193.5
a. GOODS BALANCE	-208.9	-250.8	-41.9	-2368.4	-2741.8	-373.4
Exports (f.o.b.)	149.1	175.6	26.5	1517.5	1931.7	414.2
Imports (f.o.b.)	358.0	426.4	68.4	3885.9	4673.5	787.6
b. SERVICES BALANCE	39.3	43.8	4.5	499.3	679.2	179.9
Transportation	-26.8	-31.5	-4.7	-256.4	-307.4	-51.0
Travel	99.9	113.4	13.5	1132.8	1426.5	293.7
Other Services	-33.8	-38.1	-4.3	-377.1	-439.9	-62.8
B. INCOME	-53.3	-54.2	-0.9	-601.8	-603.0	-1.2
Compensation of employees	11.4	15.9	4.5	82.5	91.8	9.3
Investment Income	-64.7	-70.1	-5.4	-684.3	-694.8	-10.5
C. CURRENT TRANSFERS	120.7	135.7	15.0	1415.1	1550.5	135.4
Official	10.3	10.2	-0.1	125.4	117.4	-8.0
Private	110.4	125.5	15.1	1289.7	1433.1	143.4
2. CAPITAL & FINANCIAL ACCOUNT	102.2	125.5	23.3	1055.8	1115.1	59.3
A. CAPITAL ACCOUNT	0.3	0.0	-0.3	-2.6	1.0	3.6
a. Capital Transfers	0.3	0.0	-0.3	-2.6	1.0	3.6
Official	0.0	0.0	0.0	0.3	3.8	3.5
Private	0.3	0.0	-0.3	-2.9	-2.8	0.1
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	101.9	125.5	23.6	1058.4	1114.1	55.7
Other official investment	119.6	248.5	128.9	409.8	544.5	134.7
Other private investment ^{2/}	-2.9	-76.4	-73.5	883.9	835.4	-48.5
Reserves	-14.8	-46.6		-235.3	-265.8	

1/ Provisional

2/ Includes errors & omissions