

News Release
19 January 2007

Jamaica Balance of Payments (September 2006)¹

- *Provisional data for September 2006 show an improvement in the deficit on the current account, due largely to increased net private transfers inflows and a reduction in the deficit on the income account.*
- *Net inflows from official and private transactions in the financial account were more than sufficient to offset the deficits on the current and capital accounts. In this context, the net international reserves (NIR) increased for the month.*
- *Influenced by an increase in the trade deficit, there was a small expansion in the current account deficit for the period January to September 2006. All 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 over the period.*

September 2006

Provisional data indicate that the current account deficit improved by US\$3.6 million to US\$128.9 million in September 2006, relative to September 2005 (see **Table**). **This improvement stemmed primarily from a rise of 11.2 per cent in gross private remittance inflows during the month.** A decline in the deficit on the income account, as well as a marginal increase in the surplus on the services account, 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, supported by increased earnings by seasonal workers. The services account benefited from increases of 10.2 per cent and 13.3 per cent in stopover and cruise visitor arrivals, respectively.

There was a widening of the merchandise trade deficit in September 2006 relative to September 2005. Imports expanded by US\$48.7 million, influenced by increased expenditure on machinery and transport equipment and manufactured goods, while earnings from exports rose by US\$28.5 million. The increase in export receipts ensued from growth in earnings from alumina exports, reflecting increases of 17.0 per cent and 1.7 per cent in price and volume, respectively.

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 official and private investment accounts recorded improved inflows which 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\$126.4 million for the month.

January – September 2006

For the period January – September 2006, the current account deficit was estimated at US\$822.5 million, representing a marginal widening by US\$4.4 million, relative to the deficit for the comparable period in 2005. While there was an expansion in the deficit on the goods account, the impact of this was almost entirely offset by increased surpluses on the services and current transfers accounts, as well as a decline in the deficit on the income account.

The deterioration on the goods account stemmed primarily from respective expansions of US\$310.5 million and US\$202.9 million in payments for fuel and machinery & transport equipment, the effect of which were partially offset by higher earnings from exports of refined fuel and alumina. The increase in the surplus on the services account for the review period reflected respective increases of 17.2 per cent and 15.0 per cent in stopover and cruise passenger arrivals. The lower deficit on the income account was influenced by reduced interest payments on Government of Jamaica external debt, while for the current transfers sub-account, an increase of 7.3 per cent in gross private remittance inflows was recorded for the period.

Within the capital and financial accounts, the surpluses on net official and private investment accounts were more than sufficient to finance the deficit on the current account. In this context, there was a build-up of US\$254.8 million in the NIR over the period. At end-September 2006, the gross reserves stood at US\$2 474.7 million, representing 18.7 weeks of projected imports of goods and services.

BALANCE OF PAYMENTS SUMMARY

US\$MN

	1/			1/		
	Sep 2005	Sep 2006	Change	Jan-Sep 2005	Jan-Sep 2006	Change
1. CURRENT ACCOUNT	-132.5	-128.9	3.6	-818.1	-822.5	-4.4
A. GOODS and SERVICES	-220.3	-239.7	-19.4	-1473.4	-1602.6	-129.2
a. GOODS BALANCE	-215.3	-235.5	-20.2	-1923.5	-2186.8	-263.3
Exports (f.o.b.)	144.1	172.6	28.5	1247.4	1602.4	355.0
Imports (f.o.b.)	359.4	408.1	48.7	3170.9	3789.2	618.3
b. SERVICES BALANCE	-5.0	-4.2	0.8	450.1	584.2	134.1
Transportation	-31.4	-38.4	-7.0	-202.3	-236.8	-34.5
Travel	52.0	62.8	10.8	965.7	1177.9	212.2
Other Services	-25.6	-28.6	-3.0	-313.3	-356.9	-43.6
B. INCOME	-40.3	-33.0	7.3	-511.7	-492.8	18.9
Compensation of employees	13.7	17.4	3.7	55.7	58.8	3.1
Investment Income	-54.0	-50.4	3.6	-567.4	-551.6	15.8
C. CURRENT TRANSFERS	128.1	143.8	15.7	1167.0	1272.9	105.9
Official	9.4	8.9	-0.5	105.9	97.8	-8.1
Private	118.7	134.9	16.2	1061.1	1175.1	114.0
2. CAPITAL & FINANCIAL ACCOUNT	132.5	128.9	-3.6	818.1	822.5	4.4
A. CAPITAL ACCOUNT	-0.2	-0.5	-0.3	-2.6	0.6	3.2
a. Capital Transfers	-0.2	-0.5	-0.3	-2.6	0.6	3.2
Official	0.0	0.1	0.1	0.3	3.7	3.4
Private	-0.2	-0.6	-0.4	-2.9	-3.1	-0.2
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	132.7	129.4	-3.3	820.7	821.9	1.2
Other official investment	13.4	29.2	15.8	186.4	253.1	66.7
Other private investment 2/	120.8	226.6	105.8	894.8	823.6	-71.2
Reserves	-1.5	-126.4	-260.5	-260.5	-254.8	

1/ Provisional

2/ Includes errors & omissions

BANK OF JAMAICA