



News Release
09 September 2011

Jamaica Balance of Payments¹
April 2011

- *Provisional data for April 2011 show that there was an improvement in the current account deficit of Jamaica's Balance of Payments, compared to the deficit in April 2010. This improvement was reflected in all the sub-accounts. Net proceeds from private sources were more than sufficient to finance official outflows, as well as the deficits on the current and capital accounts. In this context, the net international reserves (NIR) increased for the review month.*
- *For the period January to April 2011, the balances on all the sub-accounts of the current account improved, with the exception of the goods sub-account. Net official and private capital inflows were more than sufficient to offset the deficits on the current and capital accounts. As a result, there was an increase in the NIR of the Bank of Jamaica for the period.*

April 2011

Provisional data indicate that the current account deficit narrowed by US\$35.7 million in April 2011, relative to the deficit in April 2010 (see Table). This improvement largely reflected increases of US\$15.6 million and US\$11.5 million in the surpluses on the *services* and *current transfers* sub-accounts, respectively. The services sub-account benefited from increased earnings from travel associated with a 7.5 per cent growth in stopover visitor arrivals relative to April 2010. Growth of 8.0 per cent in gross remittance inflows was principally responsible for the increase in the surplus on the current transfers sub-account.

There was also a decline in the deficit on the merchandise trade sub-account reflecting a US\$64.0 million increase in earnings from exports partly countered by a US\$59.8 million expansion in imports. For exports, there were respective increases of US\$33.9 million, US\$10.1 million and US\$10.2 million in earnings from alumina, sugar and non-traditional exports, largely due to higher prices for these commodities. The growth in imports primarily reflected a 48.5 per cent (US\$68.9 million) increase in payments for fuel. Given a 30.1 per cent increase in the average price of oil, this implies that the volume of fuel imported also increased during the month.

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

With regard to financing, net private capital inflows were more than sufficient to offset official outflows and the deficits on the current and capital accounts. As a result, the NIR of the Bank of Jamaica increased by US\$49.3 million for the month.

January – April 2011

The current account recorded a deficit of US\$241.0 million for the period January to April 2011, a deterioration of US\$121.2 million, relative to the corresponding period in 2010. This deterioration mainly reflected a widening in the goods sub-account which stemmed from growth in all categories of imports, with the exception of miscellaneous manufactured goods, miscellaneous commodities and freezone imports. In particular, mineral fuel imports expanded by US\$193.8 million (34.9 per cent) in the context of a 22.3 per cent increase in the average price of oil for the period. There were also increases of US\$32.9 million (12.5 per cent) and US\$47.2 million (20.2 per cent) in spending on food and machinery & transport equipment, respectively. Partly offsetting the impact of the expansion in imports on the goods balance was an increase of US\$72.8 million (65.5 per cent) in earnings from alumina exports.

The surplus on the current transfers sub-account increased by US\$40.7 million, mainly reflecting growth of 6.5 per cent in gross private remittance inflows. There was also an improvement in the services sub-account, reflecting a 5.1 per cent increase in stopover tourist arrivals. Reduced imputed profit remittances by foreign direct investment companies influenced the lower deficit on the income sub-account.

With regard to financing, official investment flows benefitted from the Government of Jamaica's successful issue of a US\$400.0 million Eurobond to the international capital market in February 2011. Official investment flows were also buoyed by a US\$50.0 million loan from the Inter-American Development Bank in March. In this context, net official capital inflows in conjunction with net private capital inflows were more than sufficient to offset the deficits on the current and capital accounts. As a result, the NIR of the Bank of Jamaica increased by US\$431.1 million for the period. The Bank's gross reserves at end-April 2011 amounted to US\$3 503.1 million, representing 23.8 weeks of projected goods and services imports.

BALANCE OF PAYMENTS SUMMARY

US\$MN

	1/			1/		
	Apr 2010	Apr 2011	Change	Jan-Apr 2010	Jan-Apr 2011	Change
1. CURRENT ACCOUNT	-77.0	-41.3	35.7	-119.8	-241.0	-121.2
a. GOODS BALANCE	-287.8	-283.6	4.3	-981.5	-1161.1	-179.6
Exports (f.o.b.)	106.0	170.0	64.0	474.1	581.5	107.4
Imports (f.o.b.)	393.9	453.6	59.8	1455.6	1742.6	287.0
b. SERVICES BALANCE	77.4	93.0	15.6	399.4	410.1	10.8
Transportation	-36.0	-34.0	2.0	-120.2	-135.5	-15.2
Travel	156.1	172.3	16.2	707.5	734.0	26.5
Other Services	-42.7	-45.3	-2.6	-187.9	-188.4	-0.5
B. INCOME	-29.6	-25.4	4.3	-169.7	-162.8	6.9
Compensation of employees	1.8	0.9	-0.9	4.9	3.9	-1.0
Investment Income	-31.4	-26.3	5.1	-174.6	-166.7	7.9
C. CURRENT TRANSFERS	163.1	174.7	11.5	632.1	672.8	40.7
Official	8.9	9.3	0.4	37.2	46.7	9.5
Private	154.3	165.4	11.1	594.9	626.1	31.2
2. CAPITAL & FINANCIAL ACCOUNT	77.0	41.3	-35.7	119.8	241.0	121.2
A. CAPITAL ACCOUNT	-2.3	-2.1	0.2	-5.4	-6.8	-1.3
a. Capital Transfers	-2.3	-2.1	0.2	-5.4	-6.8	-1.3
Official	0.0	0.2	0.2	4.0	2.7	-1.3
Private	-2.3	-2.3	0.0	-9.4	-9.4	0.0
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	79.3	43.4	-35.9	125.2	247.8	122.5
Other official investment	57.6	-3.5	-61.1	528.3	471.7	-56.5
Other private investment 2/	6.0	96.2	90.2	-396.2	207.1	603.3
Reserves	15.6	-49.3		-6.9	-431.1	

1/ Provisional

2/ Includes errors & omissions

BANK OF JAMAICA