

News Release
13 July 2015

Jamaica Balance of Payments¹
January – March 2015

- Provisional data for the March 2015 quarter show that there was a surplus on the current account of the Balance of Payments, relative to the deficit recorded in the March 2014 quarter. Notably, the outturn was the first surplus recorded on the current account since the March 2004 quarter. The outturn for the March 2015 quarter reflected improvements on the Goods and Services sub-accounts, the impact of which was partly offset by deteriorations on the Income and Current Transfers sub-accounts. Net private and official capital inflows were more than sufficient to finance the deficits on the current and capital accounts. As a result, there was a build-up in the NIR of the Bank of Jamaica for the quarter. For fiscal year 2014/15, the NIR increased by just under US\$1.0 billion due to higher official and private investment inflows.*

January – March 2015

The current account recorded a surplus of US\$39.4 million for the period January to March 2015. This marked the country's first quarterly surplus since the period January to March 2004. The outturn for the review quarter registered an improvement of US\$149.5 million relative to the corresponding period in 2014. This outturn reflected improvements of US\$82.0 million and US\$81.8 million on the Goods and Services sub-accounts, respectively, the impact of which was partly offset by respective deteriorations of US\$11.7 million and US\$2.7 million on the Current Transfers and Income sub-accounts. With regard to the smaller deficit on the Goods sub-account, this primarily reflected a contraction of US\$220.9 million in fuel imports in the context of a 50.7 per cent drop in oil prices on the world market. Non-fuel imports, mainly printed material, telecommunication devices and pharmaceuticals, however, increased for the review period. Partly offsetting the decline in imports was a fall of US\$82.8 million in exports, largely non-traditional exports, in particular, mineral fuel.

¹ For more details see Balance of Payments Preliminary Quarterly Report at http://www.boj.org.jm/uploads/news/bop_report_march_2015.pdf

The improvement on the Services sub-account, reflected lower freight charges on imports as well as increased earnings from tourism in the context of growth of 5.0 per cent in stop-over visitor arrivals for the review quarter. However, payments for insurance and other business services increased for the review period. Notwithstanding the improvement in receipts from tourism, overall earnings from exports of goods and services fell by US\$38.2 million (3.2 per cent) in the context of lower goods exports.

For the Current Transfers sub-account, the decline in the surplus stemmed largely from lower official grant inflows, the impact of which was partly offset by an expansion of 2.5 per cent in private remittances. The Income sub-account was largely unchanged.

With respect to financing for the review period, net private and official capital inflows were more than sufficient to finance the current and capital accounts. In this context, the NIR of the Bank of Jamaica increased by US\$292.6 million for the quarter. The Bank's gross reserves at end-March 2015 amounted to US\$2 689.7 million representing 19.9 weeks of projected goods and services imports.

Fiscal Year (FY) 2014/15

For FY2014/15, the current account deficit improved by US\$203.6 million to 6.9 per cent of GDP from 8.3 per cent of GDP in FY2013/14. The Goods, Services and Current Transfers sub-accounts improved by US\$113.0 million, US\$136.5 million and US\$24.2 million, respectively, while there was deterioration of US\$70.2 million on the Income sub-account. The NIR increased by US\$990.1 million for the fiscal year due to higher official and private investment inflows.

BALANCE OF PAYMENTS SUMMARY

US\$MN

	1/ Jan-Mar 2014	2/ Jan-Mar 2015	Change
1. CURRENT ACCOUNT	-110.1	39.4	149.5
a. GOODS BALANCE	-852.2	-770.1	82.0
Exports (f.o.b.)	418.6	335.8	-82.8
Imports (f.o.b.)	1270.8	1105.9	-164.8
b. SERVICES BALANCE	234.2	316.0	81.8
Transportation	-200.8	-139.3	61.5
Travel	595.9	643.7	47.9
Other Services	-160.9	-188.4	-27.5
GOODS & SERVICES BALANCE	-618.0	-454.1	163.9
c. INCOME	-47.9	-50.6	-2.7
Compensation of employees	1.8	6.7	4.9
Investment Income	-49.6	-57.3	-7.6
d. CURRENT TRANSFERS	555.8	544.1	-11.7
Official	63.3	42.8	-20.6
Private	492.4	501.3	8.9
2. CAPITAL & FINANCIAL ACCOUNT	110.1	-39.4	-149.5
A. CAPITAL ACCOUNT	-7.9	0.8	8.7
a. Capital Transfers	-7.9	0.8	8.7
Official	0.6	9.3	8.7
Private	-8.5	-8.5	0.0
b. Acq./disposal of non-prod. non-fin'l assets	0.0	0.0	0.0
B. FINANCIAL ACCOUNT	118.0	-40.2	-158.1
Other Official Investment	147.9	22.4	-125.4
Other Private Investment (incl. Errors & Omissions)	225.9	230.0	4.1
Reserves	-255.8	-292.6	

1/ Revised

2/ Provisional

BANK OF JAMAICA