



## News Release 22 April 2015

### Jamaica Balance of Payments<sup>1</sup> October – December 2014

- Provisional data for the December 2014 quarter show that there was an improvement in the current account deficit of Jamaica's Balance of Payments relative to the corresponding quarter of 2013. This contributed to a narrowing in the estimated deficit for 2014. The outturn for the December 2014 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 insufficient to finance the deficits on the current and capital accounts. As a result, there was a fall in the NIR of the Bank of Jamaica for the quarter. However, for 2014, the NIR increased by just under US\$1.0 billion due to higher official and private investment inflows.*

#### **October – December 2014**

The current account recorded a deficit of US\$381.7 million for the period October to December 2014, representing an improvement of US\$114.3 million relative to the corresponding period in 2013. This outturn reflected improvements of US\$155.4 million and US\$31.8 million on the Goods and Services sub-accounts, respectively, the impact of which was partly offset by respective deteriorations of US\$46.9 million and US\$26.0 million on the Income and Current Transfers sub-accounts. The smaller deficit on the Goods sub-account was driven primarily by a contraction of US\$217.6 million in fuel imports in the context of a 24.9 per cent drop in oil prices on the world market. Raw materials imports also declined while there were increases in consumer and capital goods imports. There was also a decline of US\$32.0 million in exports of goods, mainly reflecting lower earnings from mineral fuel and alumina. With regard to the improvement on the Services sub-account, this primarily reflected growth in travel inflows due to an increase of 7.1 per cent in stop-over visitor arrivals, the impact of which was partly offset

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<sup>1</sup> For more details see Balance of Payments Quarterly Statistical Update at [http://www.boj.org.jm/publications\\_home.php](http://www.boj.org.jm/publications_home.php)

by expansion in payments for insurance and other business services. The performance of travel contributed to an increase of US\$34.2 million (3.4 per cent) in earnings from exports of goods and services.

The widening in the deficit on the Income sub-account mainly reflected increased imputed profit repatriation by direct investment companies primarily due to lower energy costs. For the Current Transfers sub-account, the decline in the surplus largely stemmed from lower grant inflows, the impact of which was partly offset by an expansion of 4.2 per cent in private remittances.

With respect to financing for the review period, net private and official capital inflows were insufficient to finance the deficits on the current and capital accounts. The deterioration in official flows primarily reflected Government of Jamaica debt maturities during the quarter. In the context of the insufficiency of net private and official capital inflows, the NIR of the Bank of Jamaica fell by US\$199.5 million for the quarter. The Bank's gross reserves at end-December 2014 amounted to US\$2 473.0 million representing 18.4 weeks of projected goods and services imports.

### **January – December 2014**

For calendar year 2014, the current account deficit improved by US\$172.3 million. The Goods, Current Transfers and Services sub-accounts improved by US\$151.6 million, US\$71.2 million and US\$58.8 million, respectively, while there was deterioration of US\$109.4 million on the Income sub-account. The NIR increased by US\$953.3 million for the calendar year due to higher official and private investment inflows.

**BALANCE OF PAYMENTS SUMMARY**

US\$MN

	1/ Oct-Dec 2013	2/ Oct-Dec 2014	Change
<b>1. CURRENT ACCOUNT</b>	<b>-495.9</b>	<b>-381.7</b>	<b>114.3</b>
<b>a. GOODS BALANCE</b>	<b>-1108.8</b>	<b>-953.4</b>	<b>155.4</b>
Exports (f.o.b.)	363.5	331.4	-32.0
Imports (f.o.b.)	1472.2	1284.8	-187.4
<b>b. SERVICES BALANCE</b>	<b>96.8</b>	<b>128.5</b>	<b>31.8</b>
Transportation	-185.5	-180.3	5.2
Travel	438.2	504.2	66.1
Other Services	-155.9	-195.4	-39.5
<b>GOODS &amp; SERVICES BALANCE</b>	<b>-1012.0</b>	<b>-824.8</b>	<b>187.2</b>
<b>c. INCOME</b>	<b>-98.1</b>	<b>-144.9</b>	<b>-46.9</b>
Compensation of employees	15.9	23.1	7.1
Investment Income	-114.0	-168.0	-54.0
<b>d. CURRENT TRANSFERS</b>	<b>614.2</b>	<b>588.1</b>	<b>-26.0</b>
Official	98.1	50.7	-47.4
Private	516.1	537.4	21.3
<b>2. CAPITAL &amp; FINANCIAL ACCOUNT</b>	<b>495.9</b>	<b>381.7</b>	<b>-114.3</b>
<b>A. CAPITAL ACCOUNT</b>	<b>-5.6</b>	<b>-6.6</b>	<b>-1.0</b>
<b>a. Capital Transfers</b>	<b>-5.6</b>	<b>-6.6</b>	<b>-1.0</b>
Official	1.7	0.7	-1.0
Private	-7.2	-7.2	0.0
<b>b. Acq./disposal of non-prod. non-fin'l assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>B. FINANCIAL ACCOUNT</b>	<b>501.5</b>	<b>388.2</b>	<b>-113.2</b>
Other Official Investment	215.7	-194.3	-410.0
Other Private Investment (incl. Errors & Omissions)	423.5	383.0	-40.4
Reserves	-137.7	199.5	

1/ Revised

2/ Provisional

BANK OF JAMAICA