



News Release

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JAMAICA: BALANCE OF PAYMENTS DEVELOPMENTS April 2005

The current account of the Balance of Payments for April 2005 recorded a deficit of US\$28.4MN, relative to a surplus of US\$27.1MN for April 2004. This deterioration reflected an expansion of US\$70.8MN in the deficit on the merchandise trade account, as well as a reduction of US\$7.7MN in the surplus on the services account. These changes were partly offset by an expansion of US\$22.4MN in the surplus on the current transfers account, supported by a contraction of US\$0.6MN in the deficit on the income account. Within the financial account, net private investment inflows were more than sufficient to finance net official investment outflows, as well as the deficits on the capital and current accounts. Consequently, there was a build up of US\$108.8MN in the net international reserves of the Bank of Jamaica for the review month.

Merchandise Trade

The widening of the merchandise trade deficit in April 2005 stemmed from an expansion of US\$80.5MN in the value of imports (f.o.b.), which was partly countered by an increase of US\$9.7MN in the value of exports. Expansions of US\$25.0MN, US\$21.1MN, US\$19.6MN and US\$14.0MN in payments for food, chemicals, manufactured goods and machinery & transport equipment largely accounted for the growth in imports. With respect to exports, earnings from sugar increased by US\$14.1MN, the result of respective expansions of 53.5 per cent and 18.9 per cent in price and volume. There was also growth of US\$9.6MN in the value of alumina exports, which reflected increases of 6.1 per cent and 5.1 per cent in the volume and price of the ore, respectively. The growth in volumes benefited from increased shipments to North America and Germany. A decline of US\$7.7MN in non-traditional exports partially offset the growth in major traditional exports.

Services

An expansion of US\$16.8MN in net payments for transportation-related services, principally associated with the increase in imports, was responsible for the reduction in the surplus on the services account. This was partially countered by an increase of US\$6.1MN in net inflows from the travel sub-sector, which benefited from a decline in spending by Jamaicans travelling abroad. In addition, the deficit on the other services narrowed by US\$3.0MN.

Income

The marginal reduction in the deficit on the income account in April 2005 was attributed to a US\$0.3MN decline in net investment outflows and an increase of US\$0.3MN in net inflows from employee's compensation while abroad.

Current Transfers

An expansion of US\$22.4MN in net inflows to the private sector largely accounted for the improvement in current transfers during the review month.. This expansion reflected a US\$32.1MN increase in gross inflows, partially offset by a US\$9.7MN rise in outflows. Commercial banks and remittance companies recorded higher inflows of US\$16.1MN and US\$14.2MN, respectively, relative to April 2004.

Capital & Financial Accounts

A deficit of US\$1.1MN was recorded on the capital account, while the financial account registered a US\$29.5MN surplus. Within the financial account, net private investment inflows of US\$150.4MN were more than sufficient to finance net official outflows as well as the deficits on the current and capital accounts. Consequently, there was a build up of US\$108.8MN in the net international reserves of the Bank of Jamaica. At the end of April 2005, the level of gross reserves stood at US\$2 032.9MN representing 25.6 weeks of goods imports and 18.0 weeks of imported goods and services.

The following table shows the balance of payments for April 2005 and April 2004.

BALANCE OF PAYMENTS SUMMARY			
(US\$MN)			
	1/	2/	
	Apr	Apr	
	2004	2005	Change
1. CURRENT ACCOUNT	27.1	-28.4	-55.5
A. GOODS and SERVICES	-41.8	-120.3	-78.5
a. GOODS BALANCE	-109.7	-180.5	-70.8
Exports (f.o.b.)	154.4	164.1	9.7
Imports (f.o.b.)	264.1	344.6	80.5
b. SERVICES BALANCE	67.9	60.2	-7.7
Transportation	-3.3	-20.1	-16.8
Travel	107.9	114.0	6.1
Other Services	-36.7	-33.7	3.0
B. INCOME	-40.9	-40.3	0.6
Compensation of employees	2.2	2.5	0.3
Investment Income	-43.1	-42.8	0.3
C. CURRENT TRANSFERS	109.8	132.2	22.4
Official	8.9	8.9	0.0
Private	100.9	123.3	22.4
2. CAPITAL & FINANCIAL ACCOUNT	-27.1	28.4	55.5
A. CAPITAL ACCOUNT	0.2	-1.1	-1.3
a. Capital Transfers	0.2	-1.1	-1.3
Official	1.1	0.0	-1.1
Private	-0.9	-1.1	-0.2
b. Acq./disposal of non-prod. non-fin'l assets	0.0	0.0	0.0
B. FINANCIAL ACCOUNT	-27.3	29.5	56.8
Other official investment	114.6	-12.1	-126.7
Other private investment 3/	31.1	150.4	119.3
Reserves	-173.0	-108.8	

1/ Revised
2/ Provisional
3/ Includes errors & omissions