



NEWS RELEASE 5 September 2016

Jamaica Balance of Payments¹ January – March 2016

- *Provisional data for the March 2016 quarter show that the current account of the Balance of Payments registered a surplus of US\$116.2 million. This outturn reflects a significant improvement relative to the corresponding quarter of 2015 and was underpinned by improvements on all sub-accounts with the exception of the Income sub-account, which deteriorated marginally. In a context of net private and official investment outflows, there was a decline in the NIR of the Bank of Jamaica for the quarter. **For the fiscal year ended March 2016, the current account recorded a deficit of 1.9 per cent of GDP, the lowest deficit since FY1996/97, while the NIR increased by US\$121.8 million.***

Preliminary Balance of Payments data indicate that the current account recorded a surplus of US\$116.3 million for the January to March 2016 quarter, an improvement of US\$136.5 million relative to the corresponding period in 2015. This estimated outturn primarily reflected a reduction in the deficit on the Goods sub-account and an increase in the surplus on the Services sub-account.

Regarding the Goods sub-account, the deficit fell by US\$91.5 million largely reflecting a decline of US\$160.9 million in imports, the impact of which was partially offset by a reduction of US\$69.4 million in exports. The reduction in payments for imports largely reflected lower expenditure on fuel and consumer goods imports, partly offset by higher capital goods and raw materials imports. The decline in goods exports mainly reflected lower earnings from mining exports.

¹ For more details see Balance of Payments Preliminary Quarterly Report at http://www.boj.org.jm/uploads/news/bop_report_march_2016.pdf

The performance of travel reflected an increase of 3.2 per cent in stop-over arrivals as well as respective increases of 1.5 per cent and 1.4 per cent in the estimated length of stay and average daily expenditure of visitors. Of note, an improvement was also recorded within the Current Transfers sub-account mainly reflecting higher Government grants as well as an increase of 1.1 per cent in remittances. The deficit on the Income sub-account, however, increased by US\$44.1 million. This was related to increased outflows from compensation of employees, with a partly offsetting impact from lower investment income outflows.

The outturn for the quarter contributed to a current account deficit of US\$259.3 million or 1.9 per cent of GDP for FY2015/16. This outturn was underpinned by improvements in the Goods, Services and Current Transfers sub-accounts. Of note, gross receipts from travel and remittances amounted to approximately \$2.5 billion and \$2.4 billion, respectively. These outturns represented respective increases of 5.9 per cent and 3.1 per cent, for the fiscal year.

With respect to financing for the March quarter and notwithstanding the current account surplus, private and official inflows were insufficient to finance the deficit on the capital account. In this context, the NIR of the Bank of Jamaica fell by US\$21.5 million for that period. However, for FY2015/16, the NIR increased by US\$121.8 million to end the fiscal year at US\$2 415.5 million. Consequently, the Bank's gross reserves at end-March 2016 amounted to US\$2 894.3 million representing 23.3 weeks of projected goods and services imports.

BALANCE OF PAYMENTS SUMMARY

US\$MN

	1/ Jan-Mar 2015	2/ Jan-Mar 2016	Change
1. CURRENT ACCOUNT	- 20.2	116.3	136.5
a. GOODS BALANCE	- 772.3	- 680.8	91.5
Exports (f.o.b.)	336.5	267.0	- 69.4
Imports (f.o.b.)	1 108.7	947.8	- 160.9
b. SERVICES BALANCE	330.6	397.7	67.0
Transportation	- 139.7	- 144.7	- 5.0
Travel	642.3	687.4	45.1
Other Services	- 171.9	- 145.0	27.0
GOODS & SERVICES BALANCE	- 441.6	- 283.1	158.5
c. INCOME	- 114.3	- 158.4	- 44.1
Compensation of employees	10.7	4.8	- 5.9
Investment Income	- 125.0	- 163.2	- 38.2
d. CURRENT TRANSFERS	535.7	557.8	22.1
Official	34.4	51.2	16.8
Private	501.3	506.6	5.3
2. CAPITAL & FINANCIAL ACCOUNT	20.2	- 116.3	- 136.5
A. CAPITAL ACCOUNT	0.8	- 8.4	- 9.2
a. Capital Transfers	0.8	- 8.4	- 9.2
Official	9.3	0.1	- 9.2
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	19.5	- 107.8	- 127.3
Other Official Investment	3.7	- 40.1	- 43.8
Other Private Investment (incl. Errors & Omissions)	308.3	- 89.2	- 397.6
Reserves	- 292.6	21.5	

1/ Revised

2/ Provisional

BANK OF JAMAICA

30-Aug-16