



THE BALANCE OF PAYMENTS

Preliminary QUARTERLY REPORT June 2013

**External Sector Statistics Unit
Economic Information & Publications Department
RESEARCH AND ECONOMIC PROGRAMMING DIVISION**



THE BALANCE OF PAYMENTS

Preliminary QUARTERLY REPORT June 2013

External Sector Statistics Unit
Economic Information & Publications Department
RESEARCH AND ECONOMIC PROGRAMMING DIVISION
BANK OF JAMAICA
P.O. BOX 621
Kingston, Jamaica

Copyright © 2013

**Bank of Jamaica
Nethersole Place
P.O. Box 621
Kingston, Jamaica, W.I.
All rights reserved**

The material in this publication is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. The Bank of Jamaica encourages dissemination of its work and will normally grant permission promptly to reproduce portions of the work.

For permission to photocopy or reprint any part of this work, please send a request to Economic Information and Publications Department, Bank of Jamaica, Nethersole Place, P.O. Box 621, Kingston, Jamaica, Telephone: (876) 922-0750-9, Fax: (876) 967-4265, Email: library@boj.org.jm.

ISSN 0799-3293

Printed in Jamaica

TABLE OF CONTENTS

	Pages
Balance of Payments: June 2013 Quarter.....	1
Balance of Payments: January to June 2013.....	3
Historical Balance of Payments Tables.....	5
Introduction to the Balance of Payments Manual 6 th Edition.....	8
Glossary (BPM6).....	10

This page was intentionally left blank

Balance of Payments: April to June 2013 Quarter

Table 1
Balance of Payments
April-June 2013

Balance of Payments (US\$MN)	2012:Q2	2013:Q2	Change
	Apr-Jun*	Apr-Jun/	
Current Account Balance	-415.3	-206.7	208.6
Credits	1,752.4	1,721.8	-30.5
Debits	2,167.7	1,928.6	-239.1
Goods & Services	-833.8	-656.5	177.3
Credits	1,088.4	1,038.0	-50.4
Debits	1,922.2	1,694.5	-227.8
Goods	-1,014.6	-856.9	157.7
Exports	428.7	394.0	-34.7
Imports	1,443.3	1,250.8	-192.4
Services	180.8	200.4	19.6
Credits	659.7	644.0	-15.7
Debits	479.0	443.6	-35.3
Primary Income	-106.0	-85.0	20.9
Credits	66.3	88.3	22.0
Debits	172.2	173.3	1.1
Secondary Income	524.4	534.8	10.4
Credits	597.7	595.6	-2.1
Debits	73.2	60.8	-12.4
Capital Account	-6.9	-9.1	-2.2
Credits	5.4	3.1	-2.3
Debits	12.3	12.2	-0.1
Net lending (+) / net borrowing (-) (balance from current and capital account)	-422.3	-215.8	206.5
Financial Account			
Net lending (+) / net borrowing (-) (balance from financial account)	38.6	-520.2	-558.7
Direct Investment	-95.7	-65.7	30.0
Net acquisition of financial assets	-44.9	-7.8	37.1
Net incurrence of liabilities	50.8	57.9	7.1
Portfolio Investments	240.1	-97.4	-337.6
Net acquisition of financial assets	100.2	104.3	4.1
Net incurrence of liabilities	-139.9	201.7	341.7
Financial derivatives	-61.3	-1.1	60.3
Net acquisition of financial assets	-30.4	-5.0	25.3
Net incurrence of liabilities	31.0	-4.0	-35.0
Other Investments	209.3	-518.7	-728.0
Net acquisition of financial assets	27.7	-324.8	-352.5
Net incurrence of liabilities	-181.6	194.0	375.6
Reserve Assets	-253.8	162.7	
Net Errors and Omissions	460.9	-304.3	

* Revised
1/ Provisional
External Sector Statistics Unit
Economic Information & Publications Dept.
October 2013
1/ Preliminary

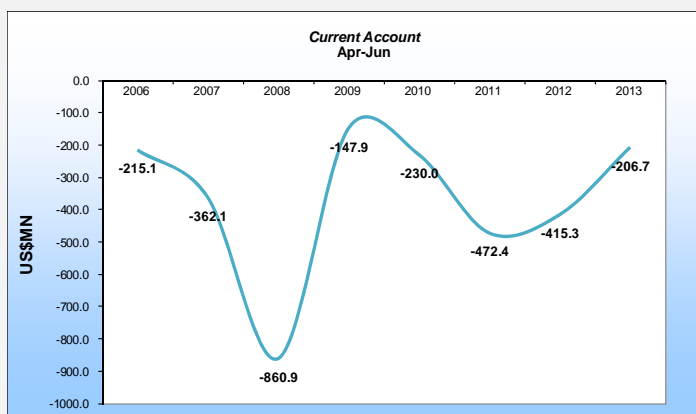
For the June 2013 quarter, there was a Current Account deficit of **US\$206.7 million**, representing an improvement of **US\$208.6 million** relative to the corresponding period in 2012 (Table 1). The outturn for the review quarter represents a continuation of the improvement in the Current Account for June quarters, since 2011 (Graph 1). The amelioration of the Current Account for the review quarter emanated from all sub-accounts, mainly the Goods and Primary Income sub-accounts, which improved by **US\$157.7 million** and **US\$20.9 million** respectively.

The deficit on the Goods sub-account was **US\$856.9 million**, an improvement of **US\$157.7 million** relative to the corresponding quarter in the preceding year (Table 1). Imports of goods fell by **US\$192.4 million** to **US\$1 250.8 million**. This decline was primarily driven by decreases of **US\$70.5 million** and **US\$63.6 million** in Mineral Fuel and Chemical imports respectively (Graph 2). Exports of goods declined by **US\$34.7 million** to **US\$394.0 million**, primarily as a result of a **US\$17.3 million** decrease in the exports of Chemicals, particularly ethanol.

There was an increase of **US\$19.6 million** in the balance on the Services sub-account for the review period. This resulted primarily from increases of **US\$21.1 million** and **US\$10.6 million** in net transportation, and personal, cultural and recreational services flows respectively.

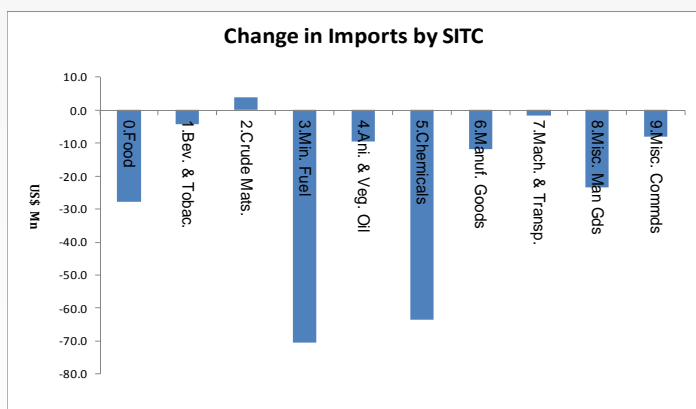
The Primary Income sub-account improved by **US\$20.9 million** during the review period. This

Graph 1
Current Account Balances (8-Year Trend)



Source: Bank of Jamaica

Graph 2
Change in Value of Imports
April-June 2013



Source: STATIN

emanated primarily from a **US\$27.3 million** increase in investment income inflows, largely representing interest income on loans from resident financial and non-financial corporations to non-residents.

Relative to the corresponding period in 2012, the balance on the Secondary Income sub-account rose by **US\$10.4 million** to **US\$534.8 million**. The improvement primarily resulted from a **US\$13.5 million** increase in net Private Transfer flows.

The balance on the Capital Account deteriorated by **US\$2.2 million** to a deficit of **US\$9.1 million** for the review quarter. This outturn together with the balance on the Current Account, yielded a net borrowing position of **US\$215.8 million**, an amelioration of **US\$206.5 million** relative to the June 2012 quarter.

The Financial Account recorded a net borrowing position of **US\$520.2 million** for the review quarter, a deterioration of **US\$558.7 million** compared to the previous corresponding quarter. The largest contributing sub-component of the net borrowing position on the Financial Account was Other Investments, which had a net borrowing balance of **US\$518.7 million**. This was primarily due to a decline in the net acquisition of loan assets by **US\$212.9 million**, coupled with an increase of **US\$349.1 million** in the net incurrence of loan liabilities by residents.

Flows from official and private sources were more than sufficient to finance the net borrowing balance on the Current and Capital accounts; consequently, the NIR increased by **US\$162.7 million** during the review period.

Balance of Payments: January to June 2013

Table 2
Balance of Payments
January-June 2013

Balance of Payments (US\$MN)	2012:Q1* Jan-Jun	2013:Q1/ Jan-Jun	Change
Current Account Balance	-786.9	-519.4	267.5
Credits	3,600.8	3,644.5	43.7
Debits	4,387.7	4,164.0	-223.7
Goods & Services	-1,636.5	-1,445.8	190.7
Credits	2,287.0	2,298.9	12.0
Debits	3,923.4	3,744.7	-178.7
Goods	-2,039.9	-1,899.1	140.8
Exports	872.9	880.3	7.5
Imports	2,912.8	2,779.4	-133.3
Services	403.4	453.3	49.9
Credits	1,414.1	1,418.6	4.5
Debits	1,010.7	965.3	-45.4
Primary Income	-178.0	-127.8	50.2
Credits	139.3	169.0	29.7
Debits	317.3	296.8	-20.5
Secondary Income	1,027.6	1,054.1	26.6
Credits	1,174.5	1,176.6	2.0
Debits	147.0	122.4	-24.5
Capital Account	-14.0	-7.7	6.4
Credits	10.6	16.8	6.2
Debits	24.6	24.4	-0.2
Net lending (+) / net borrowing (-) (balance from current and capital account)	-801.0	-527.1	273.9
Financial Account			
Net lending (+) / net borrowing (-) (balance from financial account)	-475.9	-197.4	278.6
Direct Investment	-129.7	-48.9	80.8
Net acquisition of financial assets	-22.8	24.6	47.4
Net incurrence of liabilities	106.8	73.5	-33.3
Portfolio Investments	-268.7	134.3	403.0
Net acquisition of financial assets	-252.5	88.3	340.8
Net incurrence of liabilities	16.3	-45.9	-62.2
Financial derivatives	0.6	-1.5	-2.1
Net acquisition of financial assets	37.1	-87.2	-124.3
Net incurrence of liabilities	36.5	-85.7	-122.1
Other Investments	358.0	-181.2	-539.2
Net acquisition of financial assets	351.8	-31.5	-383.3
Net incurrence of liabilities	-6.3	149.7	156.0
Reserve Assets	-436.2	-100.0	
Net Errors and Omissions	325.0	329.8	

* Revised
1/ Preliminary
External Sector Statistics Unit
Economic Information & Publications Dept.
October 2013

1/ Provisional

The Current Account deficit for January to June 2013 improved by **US\$267.5 million** to **US\$519.4 million**, relative to the corresponding period in 2012 (Table 2). The outturn for the review period represents a continuation of the improvement in this indicator since 2011 (Graph 3). The enhanced outturn for review period emanated from all sub-accounts, mainly Goods and Primary Income which improved by **US\$140.8 million** and **US\$50.2 million** respectively.

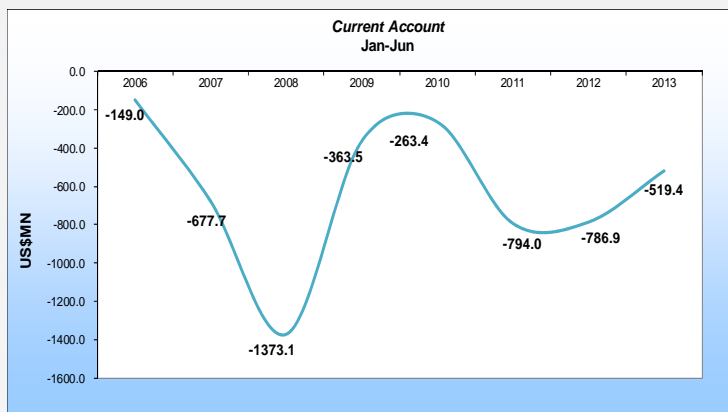
For the Goods sub-account, the deficit improved by **US\$140.8 million** to **US\$1 899.1 million**, relative to the corresponding period in the preceding year (Table 2). Imports of Goods fell by **US\$133.3 million** to **US\$2 779.4 million**. This decline was primarily driven by a **US\$218.1 million** decrease in Mineral Fuel imports, partially offset by a **US\$132.4 million** increase in Chemical Imports (Graph 4). Goods Exports increased by **US\$7.5 million** to **US\$880.3 million**, primarily as a result of a **US\$65.9 million** increase in Chemical Exports, particularly ethanol. This was partially offset by a **US\$37.0 million** decrease in the imports of Food.

The balance on the Services sub-account increased by **US\$49.9 million** to **US\$453.3 million** for the review period. This resulted primarily from an improvement of **US\$48.1 million** in the net inflows to the insurance and pension services accounts.

The Primary Income sub-account improved by **US\$50.2 million** during the review period. This emanated primarily from a **US\$82.5 million** increase in net investment income flows.

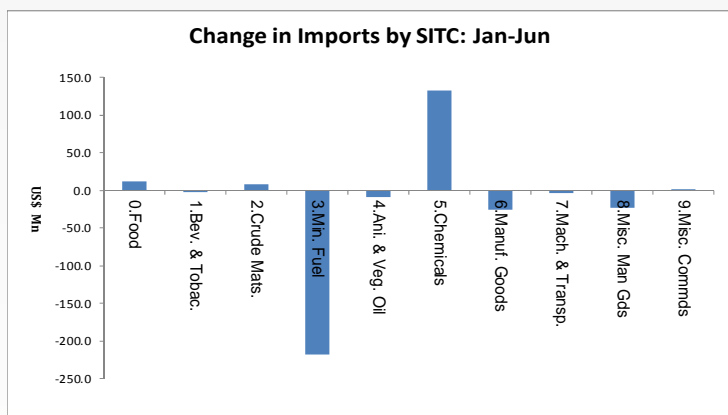
Relative to the corresponding period in 2012, the balance on the Secondary Income sub-account improved by **US\$26.6 million** to **US\$1 054.1**

Graph 3
Current Account Balances (8-Year Trend)



Source: Bank of Jamaica

Graph 4
Change in Value of Imports
January-June 2013



million. The improvement mainly resulted from a **US\$18.3 million** increase in the net flows to Financial Corporations, Nonfinancial Corporations, Households, and Non-Profit Institutions Serving Households (NPISHs).

The deficit on the Capital Account improved by **US\$6.4 million** to **US\$7.7 million** for the review period. This outturn together with the balance on the Current Account yielded a net borrowing position of **US\$527.1 million**, an improvement of **US\$273.9 million** relative to the January-June 2012 period.

The Financial Account recorded a net borrowing position of **US\$197.4 million**, an improvement of **US\$278.6 million** compared to the corresponding period of 2012. The largest contributing sub-component of the net borrowing balance was Other Investments, which had a net borrowing balance of **US\$181.2 million**. This was primarily due to a decline in the net acquisition of loan assets, by **US\$369.0 million**, coupled with an increase of **US\$253.8 million** in the net incurrence of loan liabilities.

Flows from official and private sources were insufficient to finance the net borrowing balance from the Current and Capital accounts; consequently, the NIR declined by **US\$100.0 million** for the review period.

Historical Balance of Payments (BPM6) Tables

Balance of Payments (US\$MN)	2012/13:Q1*	2012/13:Q2*	2012/13:Q3*	2012/13:Q4*	2013/14: Q1/
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Current Account Balance	-415.3	-611.2	-506.7	-312.7	-206.7
<i>Credits</i>	1,752.4	1,706.6	1,734.5	1,922.7	1,721.8
<i>Debits</i>	2,167.7	2,317.7	2,241.2	2,235.4	1,928.6
Goods & Services	-833.8	-999.2	-883.4	-789.3	-656.5
<i>Credits</i>	1,088.4	1,063.2	1,070.3	1,260.9	1,038.0
<i>Debits</i>	1,922.2	2,062.4	1,953.7	2,050.2	1,694.5
Goods	-1,014.6	-1,121.3	-996.9	-1,042.2	-856.9
<i>Exports</i>	428.7	416.5	457.3	486.4	394.0
<i>Imports</i>	1,443.3	1,537.8	1,454.2	1,528.6	1,250.8
Services	180.8	122.0	113.5	252.9	200.4
<i>Credits</i>	659.7	646.7	613.0	774.6	644.0
<i>Debits</i>	479.0	524.6	499.5	521.6	443.6
Primary Income	-106.0	-111.3	-144.1	-42.8	-85.0
<i>Credits</i>	66.3	75.2	69.3	80.8	88.3
<i>Debits</i>	172.2	186.5	213.4	123.5	173.3
Secondary Income	524.4	499.4	520.9	519.3	534.8
<i>Credits</i>	597.7	568.2	594.9	581.0	595.6
<i>Debits</i>	73.2	68.8	74.0	61.6	60.8
Capital Account	-6.9	-5.0	-7.2	1.5	-9.1
<i>Credits</i>	5.4	7.3	5.1	13.7	3.1
<i>Debits</i>	12.3	12.3	12.3	12.2	12.2
Net lending (+) / net borrowing (-) (balance from current and capital account)	-422.3	-616.2	-513.9	-311.3	-215.8
Financial Account					
Net lending (+) / net borrowing (-) (balance from financial account)	38.6	-694.2	57.4	322.8	-520.2
Direct Investment	-95.7	-65.9	-57.4	16.8	-65.7
<i>Net acquisition of financial assets</i>	-44.9	0.2	-1.6	32.4	-7.8
<i>Net incurrence of liabilities</i>	50.8	66.1	55.8	15.6	57.9
Portfolio Investments	240.1	88.1	33.9	231.7	-97.4
<i>Net acquisition of financial assets</i>	100.2	-27.2	-5.7	-16.0	104.3
<i>Net incurrence of liabilities</i>	-139.9	-115.3	-39.6	-247.7	201.7
Financial derivatives	-61.3	3.3	-1.6	-0.5	-1.1
<i>Net acquisition of financial assets</i>	-30.4	0.9	13.1	-82.1	-5.0
<i>Net incurrence of liabilities</i>	31.0	-2.4	14.8	-81.7	-4.0
Other Investments	209.3	-450.4	217.0	337.5	-518.7
<i>Net acquisition of financial assets</i>	27.7	-131.4	149.4	293.3	-324.8
<i>Net incurrence of liabilities</i>	-181.6	319.0	-67.7	-44.3	194.0
Reserves Assets	-253.8	-269.3	-134.5	-262.8	162.7
Net Errors and Omissions	460.9	-78.0	571.3	634.1	-304.3

* Revised

1/ Provisional

External Sector Statistics Unit

Economic Information & Publications Dept.

October 2013

Balance of Payments (US\$MN)	2012:Q1*	2012:Q2*	2012:Q3*	2012:Q4*	2012*
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec
Current Account Balance	-371.6	-415.3	-611.2	-506.7	-1904.8
<i>Credits</i>	1,848.4	1,752.4	1,706.6	1,734.5	7,041.9
<i>Debits</i>	2,220.0	2,167.7	2,317.7	2,241.2	8,946.7
Goods & Services	-802.6	-833.8	-999.2	-883.4	-3,519.1
<i>Credits</i>	1,198.6	1,088.4	1,063.2	1,070.3	4,420.5
<i>Debits</i>	2,001.2	1,922.2	2,062.4	1,953.7	7,939.6
Goods	-1,025.3	-1,014.6	-1,121.3	-996.9	-4,158.0
<i>Exports</i>	444.2	428.7	416.5	457.3	1,746.7
<i>Imports</i>	1,469.5	1,443.3	1,537.8	1,454.2	5,904.7
Services	222.6	180.8	122.0	113.5	638.9
<i>Credits</i>	754.4	659.7	646.7	613.0	2,673.8
<i>Debits</i>	531.7	479.0	524.6	499.5	2,034.9
Primary Income	-72.1	-106.0	-111.3	-144.1	-433.5
<i>Credits</i>	73.0	66.3	75.2	69.3	283.8
<i>Debits</i>	145.1	172.2	186.5	213.4	717.3
Secondary Income	503.1	524.4	499.4	520.9	2,047.9
<i>Credits</i>	576.9	597.7	568.2	594.9	2,337.6
<i>Debits</i>	73.7	73.2	68.8	74.0	289.8
Capital Account	-7.1	-6.9	-5.0	-7.2	-26.2
<i>Credits</i>	5.2	5.4	7.3	5.1	23.0
<i>Debits</i>	12.3	12.3	12.3	12.3	49.2
Net lending (+) / net borrowing (-) (balance from current and capital account)	-378.7	-422.2	-616.2	-513.9	-1931.0
Financial Account					
Net lending (+) / net borrowing (-) (balance from financial account)	-514.5	38.6	-694.2	57.4	-1112.7
Direct Investment	-33.9	-95.7	-65.9	-57.4	-252.9
<i>Net acquisition of financial assets</i>	22.1	-44.9	0.2	-1.6	-24.2
<i>Net incurrence of liabilities</i>	56.0	50.8	66.1	55.8	228.8
Portfolio Investments	-508.9	240.1	88.1	33.9	-146.7
<i>Net acquisition of financial assets</i>	-352.7	100.2	-27.2	-5.7	-285.3
<i>Net incurrence of liabilities</i>	156.2	-139.9	-115.3	-39.6	-138.6
Financial derivatives	62.0	-61.3	3.3	-1.6	2.3
<i>Net acquisition of financial assets</i>	67.5	-30.4	0.9	13.1	51.2
<i>Net incurrence of liabilities</i>	5.5	31.0	-2.4	14.8	48.9
Other Investments	148.7	209.3	-450.4	217.0	124.6
<i>Net acquisition of financial assets</i>	324.1	27.7	-131.4	149.4	369.7
<i>Net incurrence of liabilities</i>	175.3	-181.6	319.0	-67.7	245.0
Reserves Assets	-182.4	-253.8	-269.3	-134.5	-840.0
Net Errors and Omissions	-135.8	460.8	-78.0	571.3	818.3

* Revised

External Sector Statistics Unit

Economic Information & Publications Dept.

October 2013

Balance of Payments (US\$MN)	2012/13:Q1*	2012/13:Q2*	2012/13:Q3*	2012/13:Q4*	2012/13/
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Mar
Current Account Balance	-415.3	-611.2	-506.7	-312.7	-1845.9
<i>Credits</i>	1,752.4	1,706.6	1,734.5	1,922.7	7,116.1
<i>Debits</i>	2,167.7	2,317.7	2,241.2	2,235.4	8,962.0
Goods & Services	-833.8	-999.2	-883.4	-789.3	-3,505.8
<i>Credits</i>	1,088.4	1,063.2	1,070.3	1,260.9	4,482.9
<i>Debits</i>	1,922.2	2,062.4	1,953.7	2,050.2	7,988.6
Goods	-1,014.6	-1,121.3	-996.9	-1,042.2	-4,175.0
<i>Exports</i>	428.7	416.5	457.3	486.4	1,788.9
<i>Imports</i>	1,443.3	1,537.8	1,454.2	1,528.6	5,963.9
Services	180.8	122.0	113.5	252.9	669.2
<i>Credits</i>	659.7	646.7	613.0	774.6	2,694.0
<i>Debits</i>	479.0	524.6	499.5	521.6	2,024.8
Primary Income	-106.0	-111.3	-144.1	-42.8	-404.2
<i>Credits</i>	66.3	75.2	69.3	80.8	291.5
<i>Debits</i>	172.2	186.5	213.4	123.5	695.7
Secondary Income	524.4	499.4	520.9	519.3	2,064.1
<i>Credits</i>	597.7	568.2	594.9	581.0	2,341.7
<i>Debits</i>	73.2	68.8	74.0	61.6	277.7
Capital Account	-6.9	-5.0	-7.2	1.5	-17.6
<i>Credits</i>	5.4	7.3	5.1	13.7	31.5
<i>Debits</i>	12.3	12.3	12.3	12.2	49.1
Net lending (+) / net borrowing (-) (balance from current and capital account)	-422.2	-616.2	-513.9	-311.3	-1863.6
Financial Account					
Net lending (+) / net borrowing (-) (balance from financial account)	38.6	-694.2	57.4	322.8	-275.4
Direct Investment	-95.7	-65.9	-57.4	16.8	-202.2
<i>Net acquisition of financial assets</i>	-44.9	0.2	-1.6	32.4	-13.8
<i>Net incurrence of liabilities</i>	50.8	66.1	55.8	15.6	188.4
Portfolio Investments	240.1	88.1	33.9	231.7	593.9
<i>Net acquisition of financial assets</i>	100.2	-27.2	-5.7	-16.0	51.4
<i>Net incurrence of liabilities</i>	-139.9	-115.3	-39.6	-247.7	-542.5
Financial derivatives	-61.3	3.3	-1.6	-0.5	-60.1
<i>Net acquisition of financial assets</i>	-30.4	0.9	13.1	-82.1	-98.4
<i>Net incurrence of liabilities</i>	31.0	-2.4	14.8	-81.7	-38.3
Other Investments	209.3	-450.4	217.0	337.5	313.4
<i>Net acquisition of financial assets</i>	27.7	-131.4	149.4	293.3	338.9
<i>Net incurrence of liabilities</i>	-181.6	319.0	-67.7	-44.3	25.5
Reserves Assets	-253.8	-269.3	-134.5	-262.8	-920.4
Net Errors and Omissions	460.9	-78.0	571.3	634.1	1,588.2

* Revised
1/ Preliminary
External Sector Statistics Unit
Economic Information & Publications Dept.
October 2013

Introduction to the Balance of Payments Manual 6th Edition

Background to BPM6

Since the first edition of the Balance of Payments Manual (BPM) was published in 1948, developments in global transactions have created the need for amendments to the publication, which adequately capture international economic transactions. Currently, the manual utilized by most economies is the Fifth Edition (BPM5), which was published in 1993. However, the Sixth Edition (BPM6) of the manual was released in 2009 and is titled the *Balance of Payments and International Investment Position Manual*.

Transition to BPM6

Recent releases of the Bank of Jamaica (BOJ) Quarterly Balance of Payments (BOP) Report have included a BPM6 introductory feature which has been included to facilitate the transition towards completely reformatting this publication in accordance with BPM6 reporting standards. As illustrated, this new methodology includes more detailed *Financial Account* data which are aimed at enhancing the understanding of how net lending is invested and how net borrowing is financed, among other changes.

Understanding BPM6

One major change in the sixth edition of the Balance of Payments (BOP) manual is that the *Capital Account* will no longer be grouped with the *Financial Account*, but with the *Current Account* instead. The overall balance from the *Current* and the *Capital account* is now referred to as *Net Lending or Borrowing*. Also, the use of debits and credits for the *Financial Account* is replaced by *Net Acquisition of Financial Assets* and the *Net Incurrence of Liabilities*. BPM6 also introduces the categories of *Primary* and *Secondary Income*, which are conceptually consistent with the System of National Accounts (SNA). *Primary Income* encompasses returns that accrue to institutional units for their contribution to the production process or for the provision of financial assets and renting of natural resources, while *Secondary Income* represents *Current Transfers* between residents and non-residents. Please see mapping of BPM5 terminologies with the new terminologies found in BPM6 on next page.

BPM5

Balance of Payments (US\$MN)	
	Apr-Jun/
1. Current Account	-206.7
A. Goods	-856.9
Exports	394.0
Imports	1250.8
B. Services	200.4
Transportation	-158.3
Travel	469.6
Other Services	-111.0
C. Income	-85.0
Compensation of Employees	0.3
Investment Income	-50.1
D. Current Transfers	534.8
Official	34.4
Private	500.4
2. Capital & Financial Account	529.3
A. Capital Account	-9.1
Capital Transfers	-9.1
Official	3.1
Private	-12.2
Acq/Disp. of Non-produced Non-fin. Assets	0.0
B. Financial Account	520.2
Direct Investment	65.7
Portfolio Investment	97.4
Other Official Investment	1.1
Other Private Investment	518.7
Reserves	-162.7
Errors & Omissions	-304.3
<i>1/ Preliminary</i>	
<i>External Sector Statistics Unit</i>	
<i>Economic Information & Publications Dept.</i>	
<i>October 2013</i>	

BPM6

Balance of Payments (US\$MN)	
	Apr-Jun/
Current Account Balance	-206.7
Credits	1,721.8
Debits	1,928.6
Goods & Services	-656.5
Credits	1,038.0
Debits	1,694.5
Goods	-856.9
Exports	394.0
Imports	1,250.8
Services	200.4
Credits	644.0
Debits	443.6
Primary Income	-85.0
Credits	88.3
Debits	173.3
Secondary Income	534.8
Credits	595.6
Debits	60.8
Capital Account	-9.1
Credits	3.1
Debits	12.2
Net lending (+) / net borrowing (-) (balance from current and capital account)	-215.8
Financial Account	
Net lending (+) / net borrowing (-) (balance from financial account)	-520.2
Direct Investment	-65.7
Net acquisition of financial assets	-7.8
Net incurrence of liabilities	57.9
Portfolio Investments	-97.4
Net acquisition of financial assets	104.3
Net incurrence of liabilities	201.7
Financial Derivatives	-1.1
Net acquisition of financial assets	-5.0
Net incurrence of liabilities	-4.0
Other Investments	-518.7
Net acquisition of financial assets	-324.8
Net incurrence of liabilities	194.0
Reserve Assets	162.7
Net Errors and Omissions	-304.3
<i>1/ Preliminary</i>	
<i>External Sector Statistics Unit</i>	
<i>Economic Information & Publications Dept.</i>	
<i>October 2013</i>	

Comparison of Terminologies (BPM5 vs. BPM6)

Old (BPM5 version)

New (BPM6 version)

Goods + Services

= Goods & Services

Current a/c + Capital a/c

= Net lending (+) / Net borrowing (-)

Glossary (BPM6)

The Sixth Edition of the Balance of Payments Manual (BPM6) format was first published in the March 2012 quarterly edition of this Report. Six major changes in BPM6 and definitions of key terminologies used in this Report are highlighted below.

Six Major Changes in BPM6

1. The Goods sub-account and Services sub-account are now combined and referred to as the *Goods and Services* sub-account.
2. The Income sub-account is now referred to as *Primary Income*.
3. The Current Transfers sub-account is now referred to as *Secondary Income*.
4. The *Financial Account* is no longer grouped with the *Capital Account*.
5. The balance from the *Current* and the *Capital account* is referred to as *Net Lending or Net Borrowing*, which is explained by details in the *Financial Account*.
6. The use of debits and credits for the *Financial Account* is replaced by *Net acquisition of financial assets* and the *Net incurrence of liabilities*.

Key Terminologies and Concepts

Balance of Payments

The Balance of Payments (BOP) is a summary of economic activities between the residents of a country and the rest of the world during a given period, usually one year. The main purpose of keeping these records is to inform government authorities of the overall international economic position of the country in order to assist them in arriving at decisions on monetary and fiscal policy, on the one hand, and trade and payments policy on the other. BOP statistics are therefore helpful to government authorities charged with maintaining macroeconomic stability.

The BOP is divided into three main categories according to the broad nature of the transactions. These categories are:

1. *Current Account*
2. *Capital Account*
3. *Financial Account*

The sum of the balances on the Current and Capital accounts represents the *Net Lending* (surplus) or *Net Borrowing* (deficit) by the economy with the rest of the world. This is conceptually equal to the net balance of

the *Financial Account*. In other words, the Financial Account measures how the *Net Lending* to or *Net Borrowing* from non-residents is financed.

1. **Current Account**

The current account includes all transactions (excluding those recorded in the capital and financial account) between resident and non-resident entities that involve economic value. This account is sub-divided into:

- a. *Goods and Services*
- b. *Primary Income, and*
- c. *Secondary Income*

a. The ***Goods and Services*** account covers merchandise trade, travel, transportation and other services.

i. ***Merchandise Trade*** records the value of exports and imports, of tangible goods, including those of the free-zones and goods procured in ports by international carriers.

ii. ***Travel*** covers goods and services acquired from an economy by non-resident travellers for business and personal purposes during their visits (of less than one year). Expenditures made by seasonal workers (e.g. Jamaican farm workers) and those for educational and health-related purposes made by students and medical patients are recorded in this sub-account.

iii. ***Transportation*** covers all transportation services (sea, air and land), bought and sold, that involve the carriage of passengers, movement of goods (freight), charter of carriers with crew and other supporting services.

iv. ***Other Services*** consist of the purchase and sale of: communication services, construction services, insurance services, financial services, computer and information services, royalties and licences fees and government services.

b. ***Primary Income*** represents the return that accrues to institutional units for their contribution to the production process or for the provision of financial assets and renting natural resources to other institutional units. It encompasses the compensation of employees, that is, salaries, wages and benefits of seasonal and other non-resident workers. In addition, it includes investment income that consists of dividends, profits, reinvested earnings, interest on debt and income on portfolio investment.

c. ***Secondary Income*** shows current transfers between residents and non-residents. It covers transactions such as taxes on income, workers' remittances, and premiums and claims on non-life insurance.

2. Capital Account

The Capital Account covers:

- (i) **Capital Transfers** include the transfer of ownership of fixed assets, the transfer of funds linked to disposal/acquisition of fixed assets and the cancellation of debt by creditors.
- (ii) **Acquisition/disposal of non-produced, non-financial assets** mainly involves intangibles such as patents and leases. It also includes purchases and sales of land by foreign embassies.

3. Financial Account

The **Financial Account** records transactions that directly affect the wealth and debt of the country and records transactions that involve financial assets and liabilities between residents and non-residents.

This account covers:

- (i) **Direct investment** is the category of international investment in which a resident entity in one economy acquires or disposes of 10 per cent or more of the ordinary shares or voting power of an enterprise located in another economy and has an effective voice in management.
- (ii) **Portfolio Investment** covers transactions in equity securities and debt securities. With respect to equity, a portfolio investment would imply less than 10 per cent ownership of the voting power of an enterprise located in another country. Debt securities include bonds and notes, money market instruments and financial derivatives.
- (iii) **Financial Derivatives (other than reserves)** covers transactions of forward-type contracts and options traded in financial markets used to transfer risks linked to another specific financial instrument or indicator or commodity.
- (iv) **Other investment** is a residual category that includes all financial transactions not covered in Direct Investment, Portfolio Investment or Reserve Assets. It includes: (i) Loans to finance trade (ii) Insurance, pension and standardized guarantee schemes; (iii) trade credits and advances; and (iv) Other accounts receivable/payable.
- (v) **Reserve Assets** represent the foreign exchange which the country has available for financing an imbalance of payments with the rest of the world.



BANK OF JAMAICA

Nethersole Place

P.O. Box 621

Kingston, Jamaica

Telephone: 876 922 0750

Internet: www.boj.org.jm

ISSN 07993293