



THE BALANCE OF PAYMENTS

Preliminary QUARTERLY REPORT September 2013

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



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BANK OF JAMAICA
P.O. BOX 621
Kingston, Jamaica

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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*. This improved compilation methodology provides detailed information on *Financial Account* transactions, among other changes. This new presentation of Balance of Payments data is aimed at enhancing the understanding of the types of financing and investments associated with the activities reflected in *Current Account* and *Capital Account*.

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.

Comparison of BOP Presentations

Old Terminology

New Terminology

Goods + Services = Goods & Services

Current a/c + Capital a/c = Net lending (+) / Net borrowing (-)

Old Presentation Format

Balance of Payments (US\$MN)	
	2013 Jul-Sep 1/
1. Current Account	-409.3
A. Goods	-975.8
Exports	365.1
Imports	1340.9
B. Services	115.3
Transportation	-188.9
Travel	423.9
Other Services	-119.6
C. Income	-92.3
Compensation of Employees	6.4
Investment Income	-98.7
D. Current Transfers	543.5
Official	59.0
Private	484.6
2. Capital & Financial Account	409.3
A. Capital Account	-11.7
Capital Transfers	-11.7
Official	0.5
Private	-12.2
Acq/Disp. of Non-produced Non-fin. Assets	0.0
B. Financial Account	421.0
Direct Investment	34.3
Portfolio Investment	-116.5
Other Official Investment	-14.0
Other Private Investment (incl. Errors & Omissions)	349.6
Reserves	167.6
<i>I/ Preliminary</i>	
<i>External Sector Statistics Unit</i>	
<i>Economic Information & Publications Dept.</i>	
<i>January 2014</i>	

New Presentation Format

Balance of Payments (US\$MN)	
	2013 Jul-Sep 1/
Current Account Balance	-409.3
Credits	1,698.9
Debits	2,108.2
Goods & Services	-860.5
Credits	990.1
Debits	1,850.7
Goods	-975.8
Exports	365.1
Imports	1,340.9
Services	115.3
Credits	625.1
Debits	509.8
Primary Income	-92.3
Credits	102.5
Debits	194.8
Secondary Income	543.5
Credits	606.3
Debits	62.7
Capital Account	-11.7
Credits	0.5
Debits	12.2
Net lending (+) / net borrowing (-) (balance from current and capital account)	-421.0
Financial Account	
Net lending (+) / net borrowing (-) (balance from financial account)	-109.2
Direct Investment	-34.3
Net acquisition of financial assets	7.8
Net incurrence of liabilities	42.1
Portfolio Investments	116.5
Net acquisition of financial assets	44.1
Net incurrence of liabilities	-72.4
Financial Derivatives	5.4
Net acquisition of financial assets	15.6
Net incurrence of liabilities	10.2
Other Investments	-29.2
Net acquisition of financial assets	100.8
Net incurrence of liabilities	130.0
Reserve Assets	-167.6
Net Errors and Omissions	311.8
<i>I/ Preliminary</i>	
<i>External Sector Statistics Unit</i>	
<i>Economic Information & Publications Dept.</i>	
<i>January 2014</i>	

Balance of Payments: July to September 2013 Quarter

Table 1
Balance of Payments
July-September 2013

Balance of Payments (US\$MN)	2012:Q3 Jul-Sept	2013:Q3 Jul-Sept/	Change
Current Account Balance	-611.2	-409.3	201.9
<i>Credits</i>	1,706.6	1,698.9	-7.6
<i>Debits</i>	2,317.7	2,108.2	-209.5
Goods & Services	-999.2	-860.5	138.7
<i>Credits</i>	1,063.2	990.1	-73.1
<i>Debits</i>	2,062.4	1,850.7	-211.8
Goods	-1,121.3	-975.8	145.5
<i>Exports</i>	416.5	365.1	-51.5
<i>Imports</i>	1,537.8	1,340.9	-196.9
Services	122.0	115.3	-6.7
<i>Credits</i>	646.7	625.1	-21.6
<i>Debits</i>	524.6	509.8	-14.9
Primary Income	-111.3	-92.3	19.0
<i>Credits</i>	75.2	102.5	27.4
<i>Debits</i>	186.5	194.8	8.3
Secondary Income	499.4	543.5	44.1
<i>Credits</i>	568.2	606.3	38.1
<i>Debits</i>	68.8	62.7	-6.0
Capital Account	-5.0	-11.7	-6.7
<i>Credits</i>	7.3	0.5	-6.8
<i>Debits</i>	12.3	12.2	-0.1
Net lending (+) / net borrowing (-) (balance from current and capital account)	-616.2	-421.0	195.1
Financial Account			
Net lending (+) / net borrowing (-) (balance from financial account)	-694.2	-109.2	585.0
Direct Investment	-65.9	-34.3	31.6
<i>Net acquisition of financial assets</i>	0.2	7.8	7.6
<i>Net incurrence of liabilities</i>	66.1	42.1	-24.0
Portfolio Investments	88.1	116.5	28.4
<i>Net acquisition of financial assets</i>	-27.2	44.1	71.2
<i>Net incurrence of liabilities</i>	-115.3	-72.4	42.9
Financial derivatives	3.3	5.4	2.1
<i>Net acquisition of financial assets</i>	0.9	15.6	14.7
<i>Net incurrence of liabilities</i>	-2.4	10.2	12.5
Other Investments	-450.4	-29.2	421.2
<i>Net acquisition of financial assets</i>	-131.4	100.8	232.2
<i>Net incurrence of liabilities</i>	319.0	130.0	-189.0
Reserve Assets	-269.3	-167.6	
Net Errors and Omissions	-78.0	311.8	

For the September 2013 quarter, there was a Current Account deficit of **US\$409.3 million**, representing an improvement of **US\$201.9 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 September quarters, since 2012 (Graph 1). The improved outturn for the review period emanated from all sub-accounts, mainly the Goods and Secondary Income sub-accounts, which improved by **US\$145.5 million** and **US\$44.1 million** respectively.

The improvement in the Goods balance was due to a larger decline in imports than the corresponding decline in exports (Table 1). Imports of goods fell by **US\$196.9 million** to **US\$1 340.9 million**. This decline was primarily driven by decreases of **US\$131.8 million** and **US\$72.9 million** in Chemical and Mineral Fuel imports respectively (Graph 2). Exports of goods declined by **US\$51.5 million** to **US\$365.1 million**, primarily as a result of a **US\$59.9 million** decrease in the exports of Chemicals, particularly ethanol.

There was a decrease of **US\$6.7 million** to **US\$115.3 million** in the balance on the Services sub-account for the review period. This resulted primarily from declines of **US\$11.0 million** and **US\$9.6 million** in insurance & pension services and travel services, respectively.

The Primary Income sub-account improved by **US\$19.0 million** to a deficit of **US\$92.3 million** during the review period, primarily from a **US\$31.4**

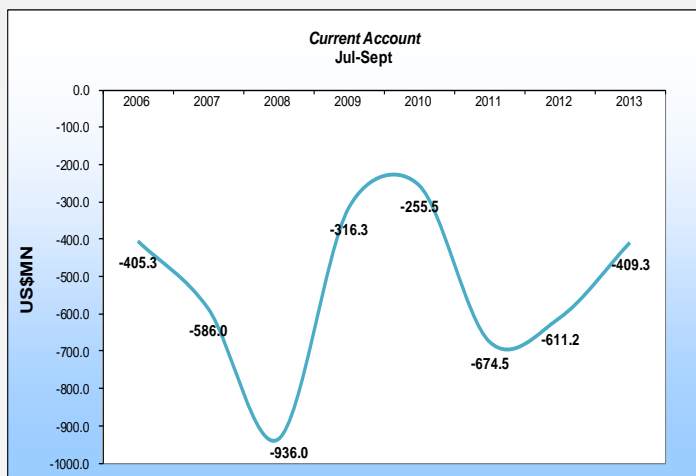
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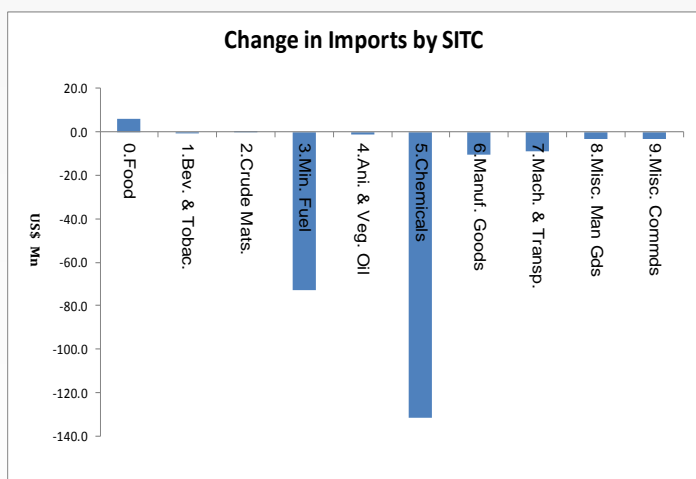
January 2014

Graph 1
Current Account Balances (8-Year Trend)



Source: Bank of Jamaica

Graph 2
Change in Value of Imports
July-September 2013



Source: STATIN

million increase in investment income flows. This was however marginally offset by a **US\$12.4 million** decrease in compensation of employees flows.

Relative to the corresponding period in 2012, the balance on the Secondary Income sub-account rose by **US\$44.1 million** to **US\$543.5 million**. The improvement primarily resulted from a **US\$20.1 million** and **US\$15.8 million** increase in personal and official transfers respectively.

The balance on the Capital Account deteriorated by **US\$6.7 million** to a deficit of **US\$11.7 million** for the review quarter. This outturn together with the balance on the Current Account, yielded a net borrowing position of **US\$421.0 million**, an amelioration of **US\$195.1 million** relative to the September 2012 quarter.

The Financial Account recorded a net borrowing position of **US\$109.2 million** for the review quarter, an increase of **US\$585.0 million** compared to the previous corresponding quarter. The main driver in the improvement in the net borrowing position on the Financial Account was Other Investments, which increased by **US\$421.2 million**. This was primarily due to an increase in the net acquisition of financial assets relating to currency and deposits by **US\$239.2 million** and a reduction in the net incurrence of loan liabilities by **US\$149.3 million**.

Flows from official and private sources were insufficient to finance the net borrowing balance on the Current and Capital accounts; consequently, the NIR decreased by **US\$167.6 million** during the review period.

Balance of Payments: January to September 2013

Table 2
Balance of Payments
January-September 2013

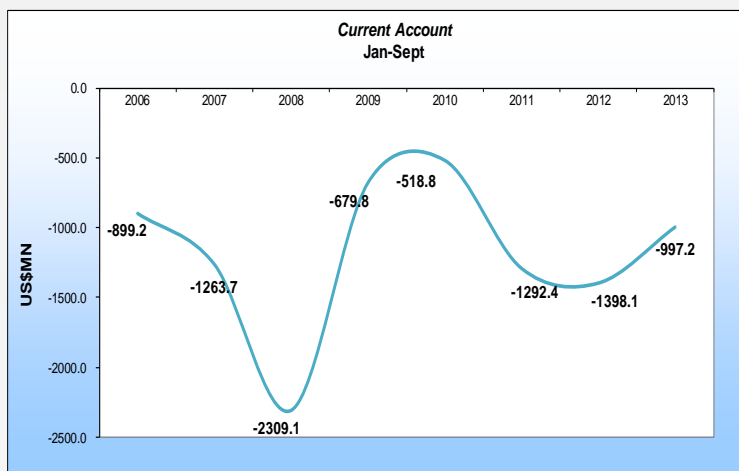
Balance of Payments (US\$MN)	2012 Jan-Sept	2013 1/ Jan-Sept	Change
Current Account Balance	-1398.1	-997.2	400.9
<i>Credits</i>	5,307.3	5,405.9	98.5
<i>Debits</i>	6,705.4	6,403.1	-302.4
Goods & Services	-2,635.7	-2,359.1	276.6
<i>Credits</i>	3,350.2	3,261.6	-88.5
<i>Debits</i>	5,985.9	5,620.7	-365.1
Goods	-3,161.1	-2,917.6	243.6
<i>Exports</i>	1,289.4	1,227.9	-61.5
<i>Imports</i>	4,450.5	4,145.5	-305.1
Services	525.4	558.5	33.0
<i>Credits</i>	2,060.8	2,033.8	-27.0
<i>Debits</i>	1,535.3	1,475.3	-60.0
Primary Income	-289.4	-246.3	43.0
<i>Credits</i>	214.5	350.4	135.9
<i>Debits</i>	503.8	596.7	92.9
Secondary Income	1,527.0	1,608.3	81.3
<i>Credits</i>	1,742.7	1,793.8	51.1
<i>Debits</i>	215.7	185.6	-30.1
Capital Account	-19.1	-19.4	-0.3
<i>Credits</i>	17.9	17.2	-0.6
<i>Debits</i>	36.9	36.6	-0.3
Net lending (+) / net borrowing (-) (balance from current and capital account)	-1,417.2	-1,016.6	400.6
Financial Account			
Net lending (+) / net borrowing (-) (balance from	-1,170.1	-361.3	808.9
Direct Investment	-195.6	-74.8	120.8
<i>Net acquisition of financial assets</i>	-22.6	32.8	55.4
<i>Net incurrence of liabilities</i>	173.0	107.6	-65.3
Portfolio Investments	-180.7	294.4	475.0
<i>Net acquisition of financial assets</i>	-279.7	146.6	426.3
<i>Net incurrence of liabilities</i>	-99.0	-147.7	-48.8
Financial derivatives	3.9	5.6	1.7
<i>Net acquisition of financial assets</i>	38.1	-30.4	-68.4
<i>Net incurrence of liabilities</i>	34.1	-36.0	-70.1
Other Investments	-92.4	-318.8	-226.4
<i>Net acquisition of financial assets</i>	220.3	69.3	-151.1
<i>Net incurrence of liabilities</i>	312.7	388.1	75.3
Reserve Assets	-705.4	-267.6	
Net Errors and Omissions	247.0	655.3	
1/ Preliminary			
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The Current Account balance for January to September 2013 improved by **US\$400.9 million** to a deficit of **US\$997.2 million**, relative to the corresponding period in 2012 (Table 2). The outturn for the review period represents an improvement in this indicator relative to the corresponding period in 2012 (Graph 3). The improved outturn for the review period emanated from all sub-accounts, mainly the Goods and Secondary Income sub-accounts which improved by **US\$243.6 million** and **US\$81.3 million** respectively.

For the Goods sub-account, the deficit improved to **US\$2 917.6 million**, relative to the corresponding 2012 period which had a deficit of **US\$3 161.1 million** (Table 2). Imports of goods fell by **US\$305.1 million** to **US\$4 145.5 million**. This decline was primarily driven by a **US\$272.9 million** and a **US\$37.2 million** decrease in Mineral Fuel and Manufactured Goods imports, respectively (Graph 4). Exports of goods decreased by **US\$61.5 million** to **US\$1 227.9 million**, primarily as a result of a **US\$35.0 million** and a **US\$16.4 million** decrease in Food and Beverage & Tobacco exports, respectively. This was partially offset by a **US\$17.1 million** increase in the exports of Machinery and Transport goods.

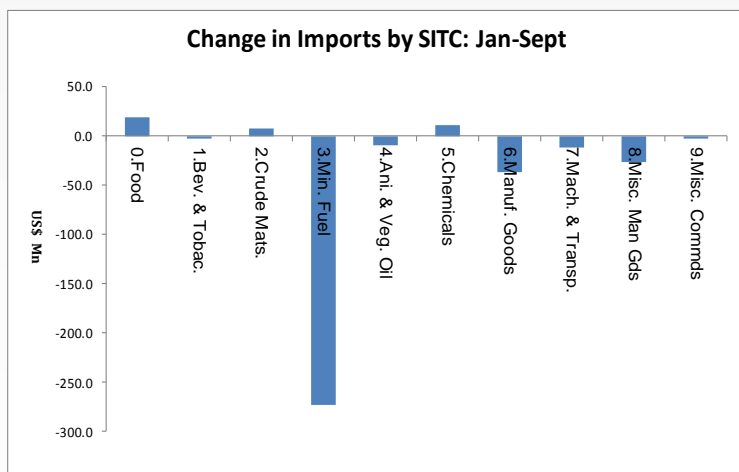
The balance on the Services sub-account improved by **US\$33.0 million** to **US\$558.5 million** for the review period. This resulted primarily from an improvement of **US\$36.8 million** in the net flows to insurance and pension services as well as a **US\$10.2 million** increase in other business services. This was however partially offset by a decline of **US\$15.1 million** in telecommunication, computer and information services flows.

Graph 3
Current Account Balances (8-Year Trend)



Source: Bank of Jamaica

Graph 4
Change in Value of Imports
January-September 2013



Source: STATIN

The Primary Income sub-account improved by **US\$43.0 million** to a deficit of **US\$246.3 million** during the review period. This emanated primarily from a **US\$79.6 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\$81.3 million** to **US\$1 608.3 million**. The improvement mainly resulted from a **US\$46.2 million** increase in the net private transfers to Financial Corporations, Nonfinancial Corporations, Households, and Non-Profit Institutions Serving Households (NPISHs). Official transfers also had an improvement of **US\$35.1 million**.

The deficit on the Capital Account declined by **US\$0.3 million** to a deficit of **US\$19.4 million** for the review period. This outturn together with the balance on the Current Account yielded a net borrowing position of **US\$1 016.6 million**, an improvement of **US\$400.6 million** relative to the corresponding period in 2012.

The Financial Account recorded a net borrowing position of **US\$361.3 million**, reflecting an improvement of **US\$808.9 million** compared to the corresponding period in 2012. The major contributing factors to the improvement in the net borrowing balance were Portfolio Investments and Direct Investments, which improved by **US\$475.0 million** and **US\$120.8 million**, respectively. This improvement was primarily due to an increase in the net acquisition of Portfolio Investment and Direct Investment assets by **US\$426.3 million** and **US\$55.4 million**, respectively. This was also complemented by a reduction in the net incurrence of Direct Investment liabilities by **US\$65.3 million**.

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\$267.6 million** for the review period.

Balance of Payments Analytical Presentation

Review Quarter

Balance of Payments (US\$MN)			
	2012	2013	
	Jul-Sep	Jul-Sep/	Change
1. Current Account	-611.2	-409.3	201.9
A. Goods	-1121.3	-975.8	145.5
Exports	416.5	365.1	-51.5
Imports	1537.8	1340.9	-196.9
B. Services	122.0	115.3	-6.7
Transportation	-207.0	-188.9	18.0
Travel	433.5	423.9	-9.6
Other Services	-104.5	-119.6	-15.1
C. Income	-111.3	-92.3	19.0
Compensation of Employees	18.8	6.4	-12.4
Investment Income	-130.1	-98.7	31.4
D. Current Transfers	499.4	543.5	44.1
Official	43.1	59.0	15.8
Private	456.3	484.6	28.3
2. Capital & Financial Account	611.2	409.3	-201.9
A. Capital Account	-5.0	-11.7	-6.7
Capital Transfers	-5.0	-11.7	-6.7
Official	2.7	0.5	-2.2
Private	-7.7	-12.2	-4.5
Acq/Disp. of Non-produced Non-fin. Assets	0.0	0.0	0.0
B. Financial Account	616.2	421.0	-195.1
Direct Investment	65.9	34.3	-31.6
Portfolio Investment	-88.1	-116.5	-28.4
Other Official Investment	-40.8	-14.0	26.9
Other Private Investment (incl. Errors & Omissions)	410.0	349.6	-60.4
Reserves	269.3	167.6	
<i>1/ Preliminary</i>			
<i>External Sector Statistics Unit</i>			
<i>Economic Information & Publications Dept.</i>			
<i>January 2014</i>			

Review Calendar Year-To-Date

Balance of Payments (US\$MN)			
	2012 Jan-Sep	2013 Jan-Sep/	Change
1. Current Account	-1398.1	-997.2	400.9
A. Goods	-3161.1	-2917.6	243.6
Exports	1289.4	1227.9	-61.5
Imports	4450.5	4145.5	-305.1
B. Services	525.4	558.5	33.0
Transportation	-555.8	-548.6	7.2
Travel	1469.1	1465.5	-3.6
Other Services	-387.9	-358.4	29.5
C. Income	-289.4	-246.3	43.0
Compensation of Employees	49.0	12.5	-36.5
Investment Income	-338.4	-258.8	79.6
D. Current Transfers	1527.0	1608.3	81.3
Official	126.8	161.9	35.1
Private	1400.2	1446.4	46.2
2. Capital & Financial Account	1398.1	997.2	-400.9
A. Capital Account	-19.1	-19.4	-0.3
Capital Transfers	-19.1	-19.4	-0.3
Official	5.7	17.2	11.5
Private	-24.8	-36.6	-11.8
Acq/Disp. of Non-produced Non-fin. Assets	0.0	0.0	0.0
B. Financial Account	1417.2	1016.6	-400.6
Direct Investment	195.6	74.8	-120.8
Portfolio Investment	180.7	-294.4	-475.0
Other Official Investment	-124.6	1.7	126.2
Other Private Investment (incl. Errors & Omissions)	460.1	966.8	506.7
Reserves	705.4	267.6	
<i>1/ Preliminary</i>			
<i>External Sector Statistics Unit</i>			
<i>Economic Information & Publications Dept.</i>			
<i>January 2014</i>			

Historical Balance of Payments Tables

Recent Five Quarters

Balance of Payments (US\$MN)	2012/13:Q2	2012/13:Q2	2012/13:Q4	2013/14:Q1	2013/14: Q2^
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Current Account Balance	-611.2	-506.7	-329.2	-258.7	-409.3
<i>Credits</i>	1,706.6	1,734.5	1,932.9	1,774.1	1,698.9
<i>Debits</i>	2,317.7	2,241.2	2,262.1	2,032.8	2,108.2
Goods & Services	-999.2	-883.4	-809.5	-689.1	-860.5
<i>Credits</i>	1,063.2	1,070.3	1,238.8	1,032.7	990.1
<i>Debits</i>	2,062.4	1,953.7	2,048.3	1,721.8	1,850.7
Goods	-1,121.3	-996.9	-1,057.3	-884.5	-975.8
<i>Exports</i>	416.5	457.3	475.5	387.3	365.1
<i>Imports</i>	1,537.8	1,454.2	1,532.8	1,271.8	1,340.9
Services	122.0	113.5	247.8	195.4	115.3
<i>Credits</i>	646.7	613.0	763.3	645.4	625.1
<i>Debits</i>	524.6	499.5	515.5	450.0	509.8
Primary Income	-111.3	-144.1	-38.9	-115.1	-92.3
<i>Credits</i>	75.2	69.3	113.1	134.8	102.5
<i>Debits</i>	186.5	213.4	152.0	249.9	194.8
Secondary Income	499.4	520.9	519.2	545.5	543.5
<i>Credits</i>	568.2	594.9	581.0	606.6	606.3
<i>Debits</i>	68.8	74.0	61.8	61.1	62.7
Capital Account	-5.0	-7.2	1.5	-9.1	-11.7
<i>Credits</i>	7.3	5.1	13.7	3.1	0.5
<i>Debits</i>	12.3	12.3	12.2	12.2	12.2
Net lending (+) / net borrowing (-) (balance from current and capital account)	-616.2	-513.9	-327.7	-267.8	-421.0
Financial Account					
Net lending (+) / net borrowing (-) (balance from financial account)	-694.2	57.4	307.0	-559.1	-109.2
Direct Investment	-65.9	-57.4	16.9	-57.4	-34.3
<i>Net acquisition of financial assets</i>	0.2	-1.6	32.7	-7.7	7.8
<i>Net incurrence of liabilities</i>	66.1	55.8	15.8	49.7	42.1
Portfolio Investments	88.1	33.9	215.8	-38.0	116.5
<i>Net acquisition of financial assets</i>	-27.2	-5.7	-16.0	118.5	44.1
<i>Net incurrence of liabilities</i>	-115.3	-39.6	-231.8	156.5	-72.4
Financial derivatives	3.3	-1.6	-0.5	0.7	5.4
<i>Net acquisition of financial assets</i>	0.9	13.1	-82.1	36.2	15.6
<i>Net incurrence of liabilities</i>	-2.4	14.8	-81.7	35.5	10.2
Other Investments	-450.4	217.0	337.5	-627.1	-29.2
<i>Net acquisition of financial assets</i>	-131.4	149.4	293.3	-324.8	100.8
<i>Net incurrence of liabilities</i>	319.0	-67.7	-44.3	302.3	130.0
Reserves Assets	-269.3	-134.5	-262.8	162.7	-167.6
Net Errors and Omissions	-78.0	571.3	634.8	-291.3	311.8

^ Provisional

External Sector Statistics Unit

Economic Information & Publications Dept.

January 2014

Full Calendar Year

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

External Sector Statistics Unit
Economic Information & Publications Dept.
January 2014

Full Fiscal Year

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	-329.2	-1862.4
<i>Credits</i>	1,752.4	1,706.6	1,734.5	1,932.9	7,126.3
<i>Debits</i>	2,167.7	2,317.7	2,241.2	2,262.1	8,988.7
Goods & Services	-833.8	-999.2	-883.4	-809.5	-3,526.0
<i>Credits</i>	1,088.4	1,063.2	1,070.3	1,238.8	4,460.7
<i>Debits</i>	1,922.2	2,062.4	1,953.7	2,048.3	7,986.7
Goods	-1,014.6	-1,121.3	-996.9	-1,057.3	-4,190.0
<i>Exports</i>	428.7	416.5	457.3	475.5	1,778.0
<i>Imports</i>	1,443.3	1,537.8	1,454.2	1,532.8	5,968.1
Services	180.8	122.0	113.5	247.8	664.1
<i>Credits</i>	659.7	646.7	613.0	763.3	2,682.7
<i>Debits</i>	479.0	524.6	499.5	515.5	2,018.6
Primary Income	-106.0	-111.3	-144.1	-38.9	-400.3
<i>Credits</i>	66.3	75.2	69.3	113.1	323.9
<i>Debits</i>	172.2	186.5	213.4	152.0	724.2
Secondary Income	524.4	499.4	520.9	519.2	2,063.9
<i>Credits</i>	597.7	568.2	594.9	581.0	2,341.7
<i>Debits</i>	73.2	68.8	74.0	61.8	277.8
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	-327.7	-1880.0
Financial Account					
Net lending (+) / net borrowing (-) (balance from financial account)	38.6	-694.2	57.4	307.0	-291.2
Direct Investment	-95.7	-65.9	-57.4	16.9	-202.1
<i>Net acquisition of financial assets</i>	-44.9	0.2	-1.6	32.7	-13.6
<i>Net incurrence of liabilities</i>	50.8	66.1	55.8	15.8	188.6
Portfolio Investments	240.1	88.1	33.9	215.8	578.0
<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	-231.8	-526.6
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	460.8	-78.0	571.3	634.8	1,588.8

* Revised

1/ Preliminary

External Sector Statistics Unit

Economic Information & Publications Dept.

January 2014

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.



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