



THE BALANCE OF PAYMENTS

Preliminary QUARTERLY REPORT June 2014

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



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RESEARCH AND ECONOMIC PROGRAMMING DIVISION
BANK OF JAMAICA
P.O. BOX 621
Kingston, Jamaica

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TABLE OF CONTENTS

| | Pages |
|---|-------|
| Introduction to the Balance of Payments Manual 6 th Edition..... | 1 |
| Balance of Payments: June 2014 Quarter..... | 3 |
| Balance of Payments: January to June 2014..... | 5 |
| Balance of Payments Analytical Presentation..... | 7 |
| Historical Balance of Payments Tables..... | 9 |
| Glossary (BPM6)..... | 11 |

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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) | |
|--|--------------------|
| | 2014 Apr-Jun 1/ |
| 1. Current Account | -296.5 |
| A. Goods | -958.3 |
| Exports | 348.3 |
| Imports | 1306.6 |
| B. Services | 153.7 |
| Transportation | -169.2 |
| Travel | 419.2 |
| Other Services | -158.3 |
| C. Income | -58.4 |
| Compensation of Employees | -0.8 |
| Investment Income | -57.6 |
| D. Current Transfers | 566.5 |
| Official | 46.6 |
| Private | 519.9 |
| 2. Capital & Financial Account | 296.5 |
| A. Capital Account | 5.3 |
| Capital Transfers | 5.3 |
| Official | 1.4 |
| Private | 3.9 |
| Acq/Disp. of Non-produced Non-fin. Assets | 0.0 |
| B. Financial Account | 291.3 |
| Direct Investment | 243.8 |
| Portfolio Investment | -72.2 |
| Other Official Investment | -65.7 |
| Other Private Investment (incl. Errors & Omission) | 153.2 |
| Reserves | 32.1 |

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New Presentation Format

| Balance of Payments (US\$MN) | |
|---|--------------------|
| | 2014 Apr-Jun 1/ |
| Current Account Balance | -296.5 |
| Credits | 1,715.8 |
| Debits | 2,012.3 |
| Goods & Services | -804.7 |
| Exports | 1,030.9 |
| Imports | 1,835.5 |
| Goods | -958.3 |
| Exports | 348.3 |
| Imports | 1,306.6 |
| Services | 153.7 |
| Exports | 682.6 |
| Imports | 528.9 |
| Primary Income | -58.4 |
| Credits | 64.8 |
| Debits | 123.2 |
| Secondary Income | 566.5 |
| Credits | 620.1 |
| Debits | 53.7 |
| Capital Account | 5.3 |
| Credits | 5.3 |
| Debits | 0.0 |
| Net lending (+) / net borrowing (-) (balance from current and capital account) | -291.3 |
| Financial Account | |
| Net lending (+) / net borrowing (-) (balance from financial account) | -64.9 |
| Direct Investment | -243.8 |
| Net acquisition of financial assets | -3.3 |
| Net incurrence of liabilities | 240.5 |
| Portfolio Investments | 72.2 |
| Net acquisition of financial assets | 230.0 |
| Net incurrence of liabilities | 157.9 |
| Financial Derivatives | -66.5 |
| Net acquisition of financial assets | -73.5 |
| Net incurrence of liabilities | -7.0 |
| Other Investments | 205.4 |
| Net acquisition of financial assets | 146.3 |
| Net incurrence of liabilities | -59.1 |
| Reserve Assets | -32.1 |
| Net Errors and Omissions | 226.4 |

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Balance of Payments: April to June 2014

Table 1
Balance of Payments
April-June 2014

| Balance of Payments (US\$MN) | 2013:Q2 | 2014:Q2 | Change |
|---|---------------|---------------|--------------|
| | Apr-Jun | Apr-Jun/ | |
| Current Account Balance | -289.0 | -296.5 | -7.5 |
| <i>Credits</i> | 1,699.5 | 1,715.8 | 16.3 |
| <i>Debits</i> | 1,988.5 | 2,012.3 | 23.9 |
| Goods & Services | -720.9 | -804.7 | -83.7 |
| <i>Exports</i> | 1,022.6 | 1,030.9 | 8.3 |
| <i>Imports</i> | 1,743.5 | 1,835.5 | 92.0 |
| Goods | -882.8 | -958.3 | -75.5 |
| <i>Exports</i> | 379.7 | 348.3 | -31.4 |
| <i>Imports</i> | 1,262.5 | 1,306.6 | 44.1 |
| Services | 161.9 | 153.7 | -8.2 |
| <i>Exports</i> | 642.8 | 682.6 | 39.7 |
| <i>Imports</i> | 481.0 | 528.9 | 48.0 |
| Primary Income | -112.8 | -58.4 | 54.5 |
| <i>Credits</i> | 71.3 | 64.8 | -6.5 |
| <i>Debits</i> | 184.1 | 123.2 | -60.9 |
| Secondary Income | 544.7 | 566.5 | 21.7 |
| <i>Credits</i> | 605.6 | 620.1 | 14.5 |
| <i>Debits</i> | 60.9 | 53.7 | -7.2 |
| Capital Account | 3.1 | 5.3 | 2.2 |
| <i>Credits</i> | 3.1 | 5.3 | 2.2 |
| <i>Debits</i> | 0.0 | 0.0 | 0.0 |
| Net lending (+) / net borrowing (-) (balance from current and capital account) | -285.9 | -291.3 | -5.3 |
| Financial Account | | | |
| Net lending (+) / net borrowing (-) (balance from financial account) | -710.5 | -64.9 | 645.6 |
| Direct Investment | -224.2 | -243.8 | -19.6 |
| <i>Net acquisition of financial assets</i> | -7.7 | -3.3 | 4.3 |
| <i>Net incurrence of liabilities</i> | 216.5 | 240.5 | 24.0 |
| Portfolio Investments | 45.3 | 72.2 | 26.9 |
| <i>Net acquisition of financial assets</i> | 121.1 | 230.0 | 109.0 |
| <i>Net incurrence of liabilities</i> | 75.8 | 157.9 | 82.1 |
| Financial derivatives | 67.9 | -66.5 | -134.4 |
| <i>Net acquisition of financial assets</i> | -4.0 | -73.5 | -69.6 |
| <i>Net incurrence of liabilities</i> | -71.8 | -7.0 | 64.8 |
| Other Investments | -762.1 | 205.4 | 967.5 |
| <i>Net acquisition of financial assets</i> | -329.4 | 146.3 | 475.7 |
| <i>Net incurrence of liabilities</i> | 432.8 | -59.1 | -491.8 |
| Reserve Assets | 162.7 | -32.1 | |
| Net Errors and Omissions | -424.5 | 226.4 | |

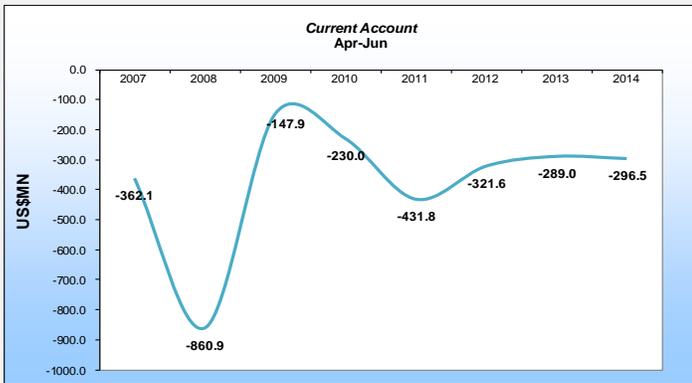
For the June 2014 quarter, there was a Current Account deficit of **US\$296.5 million**, representing a deterioration of **US\$7.5 million** relative to the corresponding period in 2013 (Table 1). The outturn for the review quarter is the first deterioration since the improvements recorded for the similar corresponding quarters of 2012 and 2013 (Graph 1). The deterioration for the review period emanated mainly from the Goods sub-account, with a small reduction in the Services sub-account. The combined Goods and Services balance deteriorated by **US\$83.7 million**, which emanated from an increase in visible and invisible imports of **US\$44.1 million** and **US\$48.0 million**, respectively.

The decline in the Goods Account was due to an increase in imports and a decline in exports. The increase in imports of **US\$44.1 million** was primarily driven by increases in Food imports of **US\$37.5 million**, Chemicals of **US\$24.6 million** and imports of Miscellaneous Manufactured goods of **US\$24.0 million** (Graph 2). These increases were partially offset by a decline in Mineral Fuel imports of **US\$56.7 million**. The decrease in exports was primarily attributable to decreases in Crude Materials and Food exports of **US\$13.1 million** and **US\$9.3 million**, respectively.

For the Services sub-account, the decline of **US\$8.2 million** to **US\$153.7 million** resulted primarily from deteriorations in transportation, insurance and construction services of **US\$15.1 million**, **US\$10.5 million** and **US\$9.9 million** respectively. These

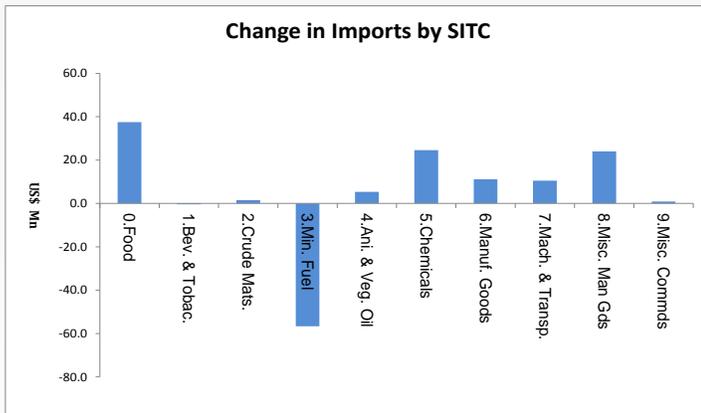
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Graph 1
Current Account Balances (8-Year Trend)



Source: Bank of Jamaica

Graph 2
Change in Value of Imports
April-June 2014



Source: STATIN

declines were juxtaposed with an improvement in travel services of **US\$35.5 million**. The increases in travel receipts occurred due to a **2.8 per cent** increase in long-stay tourist arrivals for the review quarter.

The improvement in the Primary Income account was primarily due to an increase in net investment income flows of **US\$55.7 million**, whilst the improvement in the Secondary Income account was primarily due to a **US\$19.9 million** increase in personal transfers between resident and non-resident households.

The balance on the Capital Account improved by **US\$2.2 million** which was represented by a surplus of **US\$5.3 million** in 2014, up from the surplus of **US\$3.1 million** in the previous corresponding quarter. This outturn together with the balance on the Current Account yielded a net borrowing position of **US\$291.3 million**, an increase of **US\$5.3 million** relative to the June 2013 quarter.

The Financial Account recorded a net borrowing position of **US\$64.9 million** for the review quarter, a decrease of **US\$645.6 million** compared to the previous corresponding quarter. The main driver of the decrease in the net borrowing position on the Financial Account were Direct Investments, which had a net incurrence of liabilities of **US\$240.5 million**, and Portfolio Investments which had a net incurrence of liabilities of **US\$157.9 million**.

Flows from official and private sources were insufficient to finance the net borrowing balance on the Current and Capital accounts; consequently, Reserve Assets marginally decreased by **US\$32.1 million** during the review period.

Balance of Payments: January to June 2014

Table 2
Balance of Payments
January-June 2014

| Balance of Payments (US\$MN) | 2013 Jan-Jun | 2014 1/ Jan-Jun | Change |
|--|-----------------|--------------------|--------------|
| Current Account Balance | -569.7 | -440.6 | 129.1 |
| <i>Credits</i> | 3,605.6 | 3,557.3 | -48.4 |
| <i>Debits</i> | 4,175.3 | 3,997.9 | -177.5 |
| Goods & Services | -1,472.7 | -1,447.6 | 25.0 |
| <i>Exports</i> | 2,257.6 | 2,179.2 | -78.4 |
| <i>Imports</i> | 3,730.3 | 3,626.8 | -103.5 |
| Goods | -1,875.6 | -1,859.2 | 16.4 |
| <i>Exports</i> | 848.6 | 729.2 | -119.4 |
| <i>Imports</i> | 2,724.2 | 2,588.4 | -135.8 |
| Services | 403.0 | 411.6 | 8.7 |
| <i>Exports</i> | 1,409.0 | 1,450.0 | 41.0 |
| <i>Imports</i> | 1,006.1 | 1,038.4 | 32.4 |
| Primary Income | -160.0 | -115.4 | 44.7 |
| <i>Credits</i> | 162.3 | 148.1 | -14.2 |
| <i>Debits</i> | 322.4 | 263.4 | -58.9 |
| Secondary Income | 1,063.0 | 1,122.4 | 59.4 |
| <i>Credits</i> | 1,185.7 | 1,230.0 | 44.3 |
| <i>Debits</i> | 122.7 | 107.6 | -15.1 |
| Capital Account | 16.8 | 5.9 | -10.9 |
| <i>Credits</i> | 16.8 | 5.9 | -10.9 |
| <i>Debits</i> | 0.0 | 0.0 | 0.0 |
| Net lending (+)/ net borrowing (-) (balance from current and capital account) | -552.9 | -434.7 | 118.2 |
| Financial Account | | | |
| Net lending (+) / net borrowing (-) (balance from | -784.7 | -142.6 | 642.0 |
| Direct Investment | -314.0 | -439.7 | -125.7 |
| <i>Net acquisition of financial assets</i> | 25.0 | -3.1 | -28.2 |
| <i>Net incurrence of liabilities</i> | 339.0 | 436.6 | 97.5 |
| Portfolio Investments | 51.3 | 72.2 | 20.9 |
| <i>Net acquisition of financial assets</i> | 106.0 | 261.8 | 155.7 |
| <i>Net incurrence of liabilities</i> | 54.7 | 189.6 | 134.9 |
| Financial derivatives | 2.6 | -127.8 | -130.5 |
| <i>Net acquisition of financial assets</i> | -78.4 | -140.6 | -62.2 |
| <i>Net incurrence of liabilities</i> | -81.1 | -12.8 | 68.3 |
| Other Investments | -424.6 | 153.7 | 578.3 |
| <i>Net acquisition of financial assets</i> | -36.1 | 224.0 | 260.1 |
| <i>Net incurrence of liabilities</i> | 388.5 | 70.3 | -318.2 |
| Reserve Assets | -100.0 | 199.0 | |
| Net Errors and Omissions | -231.8 | 292.1 | |

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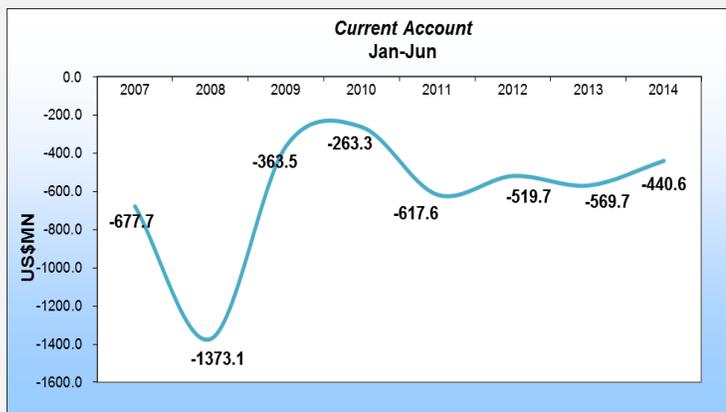
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The Current Account balance for the first half of 2014 improved by **US\$129.1 million** to a deficit of **US\$440.6 million**, relative to the corresponding period in 2013 (Table 2). This deficit recorded for the 2014 period is the lowest for the previous three corresponding periods (Graph 3). The improved outturn for the review period emanated from the all sub-accounts, especially the secondary income and primary income sub-accounts. The combined Goods and Services deficit of **US\$1 447.6 million** improved by **US\$25.0 million**, which emanated from a reduction in visible and invisible imports of **US\$135.8 million** and **US\$41.0 million**, respectively, and was partially offset by declines in both visible and invisible exports.

For the Goods sub-account, the deficit improved by **US\$16.4 million** to **US\$1 859.2 million**, relative to the previous corresponding period which had a deficit of **US\$1 875.6 million** (Table 2). Imports of goods decreased by **US\$135.8 million** to **US\$2 588.4 million**. This decline was mainly driven by decreases of **US\$144.2 million** and **US\$94.6 million** in chemical and mineral fuel imports, respectively (Graph 4). Exports of goods decreased by **US\$119.4 million** to **US\$729.2 million**, primarily as a result of decreases in chemicals, food and crude material exports of **US\$87.7 million**, **US\$15.7 million** and **US\$10.7 million**, respectively.

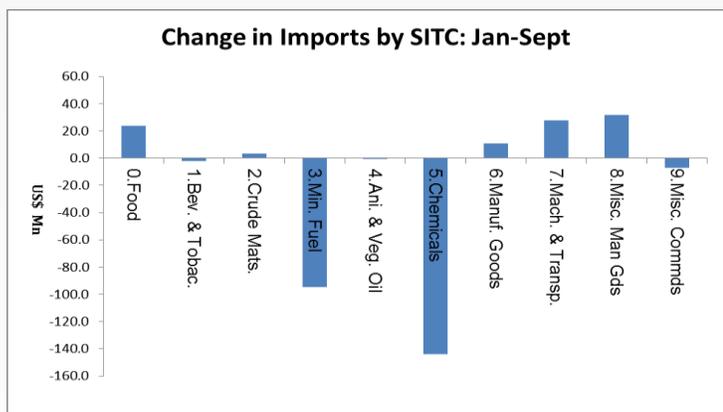
The balance on the Services sub-account improved by **US\$8.7 million** to **US\$411.6 million** for the review period. This resulted primarily from improvements in travel services of **US\$53.5 million** associated with a **1.9 per cent** increase in long stay tourist stopovers. However, this increase was

Graph 3
Current Account Balances (8-Year Trend)



Source: Bank of Jamaica

Graph 4
Change in Value of Imports
January-June 2014



Source: STATIN

partially offset by declines in construction services of **US\$21.1 million**, financial services of **US\$13.1 million**, and other services of **US\$13.4 million**.

The Primary Income sub-account improved by **US\$44.7 million** to a deficit of **US\$115.4 million** during the review period. This emanated primarily from a **US\$42.6 million** increase in net investment income flows.

Relative to the previous corresponding period, the balance on the Secondary Income sub-account improved by **US\$59.4 million** to **US\$1 122.4 million**. The improvement resulted from an increase of **US\$50.0 million** in personal transfers between resident and non-resident households, as well as a **US\$7.2 million** increase in transfers to the general government.

The Capital Account deteriorated from a surplus of **US\$16.8 million** recorded in the January to June period of 2013, to a smaller surplus of **US\$5.9 million** for the review period, an overall deterioration of **US\$10.9 million**. This outturn together with the balance on the Current Account yielded a net borrowing position of **US\$434.7 million**, an increase of **US\$118.2 million** relative to the previous corresponding period.

The Financial Account recorded a net borrowing position of **US\$142.6 million**, reflecting an increase of **US\$642.0 million** compared to the corresponding period of 2013. The major contributing factors to the increase were the net incurrence of liabilities of **US\$436.6 million** in Direct Investments, as well as the net incurrence of liabilities of **US\$189.6 million** borrowing position on Portfolio Investments. This was partially offset by a net acquisition of financial assets of **US\$224.0 million** in Other Investments.

Flows from official and private sources were more than sufficient to finance the net borrowing balance from the Current and Capital accounts; consequently, there was a build up in Reserve Assets of **US\$199.0 million** for the review period.

Balance of Payments Analytical Presentation

Review Quarter

| Balance of Payments (US\$MN) | 2013 Apr-Jun | 2014 Apr-Jun 1/ | Change |
|---|-----------------|--------------------|--------------|
| 1. Current Account | -289.0 | -296.5 | -7.5 |
| A. Goods | -882.8 | -958.3 | -75.5 |
| Exports | 379.7 | 348.3 | -31.4 |
| Imports | 1262.5 | 1306.6 | 44.1 |
| B. Services | 161.9 | 153.7 | -8.2 |
| Transportation | -201.2 | -169.2 | 32.0 |
| Travel | 433.4 | 419.2 | -14.2 |
| Other Services | -159.7 | -158.3 | 1.4 |
| C. Income | -112.8 | -58.4 | 54.5 |
| Compensation of Employees | 0.5 | -0.8 | -1.3 |
| Investment Income | -113.3 | -57.6 | 55.7 |
| D. Current Transfers | 544.7 | 566.5 | 21.7 |
| Official | 45.7 | 46.6 | 0.9 |
| Private | 499.0 | 519.9 | 20.9 |
| 2. Capital & Financial Account | 289.0 | 296.5 | 7.5 |
| A. Capital Account | 3.1 | 5.3 | 2.2 |
| Capital Transfers | 3.1 | 5.3 | 2.2 |
| Official | 3.1 | 1.4 | -1.7 |
| Private | 0.0 | 3.9 | 3.9 |
| Acq/Disp. of Non-produced Non-fin. Assets | 0.0 | 0.0 | 0.0 |
| B. Financial Account | 285.9 | 291.3 | 5.3 |
| Direct Investment | 224.2 | 243.8 | 19.6 |
| Portfolio Investment | -45.3 | -72.2 | -26.9 |
| Other Official Investment | 207.4 | -65.7 | -273.1 |
| Other Private Investment (incl. Errors & Omissions) | 62.3 | 153.2 | 90.9 |
| Reserves | -162.7 | 32.1 | |

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Review Calendar Year-to-Date

| Balance of Payments (US\$MN) | | | |
|--|-----------------|--------------------|---------------|
| | 2013 Jan-Jun | 2014 Jan-Jun 1/ | Change |
| 1. Current Account | -569.7 | -440.6 | 129.1 |
| A. Goods | -1875.6 | -1859.2 | 16.4 |
| Exports | 848.6 | 729.2 | -119.4 |
| Imports | 2724.2 | 2588.4 | -135.8 |
| B. Services | 403.0 | 411.6 | 8.7 |
| Transportation | -337.0 | -324.6 | 12.3 |
| Travel | 1045.3 | 1098.8 | 53.5 |
| Other Services | -305.4 | -362.5 | -57.1 |
| C. Income | -160.0 | -115.4 | 44.7 |
| Compensation of Employees | -1.4 | 0.7 | 2.1 |
| Investment Income | -158.6 | -116.0 | 42.6 |
| D. Current Transfers | 1063.0 | 1122.4 | 59.4 |
| Official | 103.3 | 110.5 | 7.2 |
| Private | 959.7 | 1011.9 | 52.2 |
| 2. Capital & Financial Account | 569.7 | 440.6 | -129.1 |
| A. Capital Account | 16.8 | 5.9 | -10.9 |
| Capital Transfers | 16.8 | 5.9 | -10.9 |
| Official | 16.8 | 2.0 | -14.7 |
| Private | 0.0 | 3.9 | 3.9 |
| Acq/Disp. of Non-produced Non-fin. Assets | 0.0 | 0.0 | 0.0 |
| B. Financial Account | 552.9 | 434.7 | -118.2 |
| Direct Investment | 314.0 | 439.7 | 125.7 |
| Portfolio Investment | -51.3 | -72.2 | -20.9 |
| Other Official Investment | 147.1 | 23.8 | -123.3 |
| Other Private Investment (incl. Errors & Omissions) | 43.1 | 242.4 | 199.2 |
| Reserves | 100.0 | -199.0 | |
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Historical Balance of Payments Tables

Recent Five Quarters

| Balance of Payments (USSMN) | 2012/13:Q4 | 2013/14:Q1 | 2013/14:Q2 | 2013/14: Q3 | 2013/14: Q4 [^] |
|---|---------------|---------------|---------------|---------------|--------------------------|
| | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun |
| Current Account Balance | -289.0 | -403.5 | -338.5 | -144.1 | -296.5 |
| <i>Credits</i> | 1,699.5 | 1,675.5 | 1,816.6 | 1,841.5 | 1,715.8 |
| <i>Debits</i> | 1,988.5 | 2,079.0 | 2,155.1 | 1,985.5 | 2,012.3 |
| Goods & Services | -720.9 | -857.2 | -868.8 | -643.0 | -804.7 |
| <i>Exports</i> | 1,022.6 | 987.5 | 1,054.5 | 1,148.4 | 1,030.9 |
| <i>Imports</i> | 1,743.5 | 1,844.7 | 1,923.2 | 1,791.3 | 1,835.5 |
| Goods | -882.8 | -949.0 | -972.4 | -900.9 | -958.3 |
| <i>Exports</i> | 379.7 | 369.1 | 416.5 | 380.9 | 348.3 |
| <i>Imports</i> | 1,262.5 | 1,318.1 | 1,389.0 | 1,281.8 | 1,306.6 |
| Services | 161.9 | 91.8 | 103.6 | 258.0 | 153.7 |
| <i>Exports</i> | 642.8 | 618.4 | 637.9 | 767.5 | 682.6 |
| <i>Imports</i> | 481.0 | 526.6 | 534.3 | 509.5 | 528.9 |
| Primary Income | -112.8 | -89.7 | -83.9 | -57.0 | -58.4 |
| <i>Credits</i> | 71.3 | 82.2 | 89.8 | 83.3 | 64.8 |
| <i>Debits</i> | 184.1 | 171.9 | 173.8 | 140.3 | 123.2 |
| Secondary Income | 544.7 | 543.3 | 614.2 | 555.9 | 566.5 |
| <i>Credits</i> | 605.6 | 605.8 | 672.3 | 609.8 | 620.1 |
| <i>Debits</i> | 60.9 | 62.4 | 58.1 | 53.9 | 53.7 |
| Capital Account | 3.1 | 0.5 | 1.7 | 0.6 | 5.3 |
| <i>Credits</i> | 3.1 | 0.5 | 1.7 | 0.6 | 5.3 |
| <i>Debits</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net lending (+) / net borrowing (-) (balance from current and capital account) | -285.9 | -403.0 | -336.9 | -143.4 | -291.3 |
| Financial Account | | | | | |
| Net lending (+) / net borrowing (-) (balance from financial account) | -710.5 | -234.4 | -311.5 | -77.8 | -64.9 |
| Direct Investment | -224.2 | -126.9 | -272.8 | -195.9 | -243.8 |
| <i>Net acquisition of financial assets</i> | -7.7 | 7.7 | -119.6 | 0.2 | -3.3 |
| <i>Net incurrence of liabilities</i> | 216.5 | 134.6 | 153.1 | 196.1 | 240.5 |
| Portfolio Investments | 45.3 | -5.3 | -119.8 | 0.0 | 72.2 |
| <i>Net acquisition of financial assets</i> | 121.1 | 44.0 | 7.3 | 31.7 | 230.0 |
| <i>Net incurrence of liabilities</i> | 75.8 | 49.3 | 127.1 | 31.7 | 157.9 |
| Financial derivatives | 67.9 | 21.3 | 2.2 | -61.3 | -66.5 |
| <i>Net acquisition of financial assets</i> | -4.0 | 15.5 | 1.3 | -67.1 | -73.5 |
| <i>Net incurrence of liabilities</i> | -71.8 | -5.8 | -0.9 | -5.8 | -7.0 |
| Other Investments | -762.1 | 44.0 | -25.1 | -51.7 | 205.4 |
| <i>Net acquisition of financial assets</i> | -329.4 | 100.8 | 15.9 | 77.7 | 146.3 |
| <i>Net incurrence of liabilities</i> | 432.8 | 56.8 | 41.0 | 129.4 | -59.1 |
| Reserves Assets | 162.7 | -167.6 | 104.1 | 231.0 | -32.1 |
| Net Errors and Omissions | -424.5 | 168.6 | 25.4 | 65.7 | 226.4 |

[^] Provisional

External Sector Statistics Unit

Economic Information & Publications Dept.

October 2014

Full Fiscal Year

| Balance of Payments (USSMN) | 2012/13:Q1 | 2012/13:Q2 | 2012/13:Q3 | 2013/14:Q4 | 2013/14 |
|---|---------------|---------------|---------------|---------------|----------------|
| | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Mar 1/ |
| Current Account Balance | -289.0 | -403.5 | -338.5 | -144.1 | -1175.1 |
| <i>Credits</i> | 1,699.5 | 1,675.5 | 1,816.6 | 1,841.5 | 7,033.0 |
| <i>Debits</i> | 1,988.5 | 2,079.0 | 2,155.1 | 1,985.5 | 8,208.2 |
| Goods & Services | -720.9 | -857.2 | -868.8 | -643.0 | -3,089.9 |
| <i>Exports</i> | 1,022.6 | 987.5 | 1,054.5 | 1,148.4 | 4,212.9 |
| <i>Imports</i> | 1,743.5 | 1,844.7 | 1,923.2 | 1,791.3 | 7,302.8 |
| Goods | -882.8 | -949.0 | -972.4 | -900.9 | -3,705.1 |
| <i>Exports</i> | 379.7 | 369.1 | 416.5 | 380.9 | 1,546.3 |
| <i>Imports</i> | 1,262.5 | 1,318.1 | 1,389.0 | 1,281.8 | 5,251.4 |
| Services | 161.9 | 91.8 | 103.6 | 258.0 | 615.3 |
| <i>Exports</i> | 642.8 | 618.4 | 637.9 | 767.5 | 2,666.7 |
| <i>Imports</i> | 481.0 | 526.6 | 534.3 | 509.5 | 2,051.4 |
| Primary Income | -112.8 | -89.7 | -83.9 | -57.0 | -343.4 |
| <i>Credits</i> | 71.3 | 82.2 | 89.8 | 83.3 | 326.6 |
| <i>Debits</i> | 184.1 | 171.9 | 173.8 | 140.3 | 670.0 |
| Secondary Income | 544.7 | 543.3 | 614.2 | 555.9 | 2,258.2 |
| <i>Credits</i> | 605.6 | 605.8 | 672.3 | 609.8 | 2,493.5 |
| <i>Debits</i> | 60.9 | 62.4 | 58.1 | 53.9 | 235.4 |
| Capital Account | 3.1 | 0.5 | 1.7 | 0.6 | 5.8 |
| <i>Credits</i> | 3.1 | 0.5 | 1.7 | 0.6 | 5.8 |
| <i>Debits</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net lending (+) / net borrowing (-) (balance from current and capital account) | -285.9 | -403.0 | -336.9 | -143.4 | -1169.3 |
| Financial Account | | | | | |
| Net lending (+) / net borrowing (-) (balance from financial account) | -710.5 | -234.4 | -311.5 | -77.8 | -1334.1 |
| Direct Investment | -224.2 | -126.9 | -272.8 | -195.9 | -819.7 |
| <i>Net acquisition of financial assets</i> | -7.7 | 7.7 | -119.6 | 0.2 | -119.3 |
| <i>Net incurrence of liabilities</i> | 216.5 | 134.6 | 153.1 | 196.1 | 700.3 |
| Portfolio Investments | 45.3 | -5.3 | -119.8 | 0.0 | -79.8 |
| <i>Net acquisition of financial assets</i> | 121.1 | 44.0 | 7.3 | 31.7 | 204.1 |
| <i>Net incurrence of liabilities</i> | 75.8 | 49.3 | 127.1 | 31.7 | 283.9 |
| Financial derivatives | 67.9 | 21.3 | 2.2 | -61.3 | 30.1 |
| <i>Net acquisition of financial assets</i> | -4.0 | 15.5 | 1.3 | -67.1 | -54.3 |
| <i>Net incurrence of liabilities</i> | -71.8 | -5.8 | -0.9 | -5.8 | -84.3 |
| Other Investments | -762.1 | 44.0 | -25.1 | -51.7 | -795.0 |
| <i>Net acquisition of financial assets</i> | -329.4 | 100.8 | 15.9 | 77.7 | -135.0 |
| <i>Net incurrence of liabilities</i> | 432.8 | 56.8 | 41.0 | 129.4 | 659.9 |
| Reserves Assets | 162.7 | -167.6 | 104.1 | 231.0 | 330.2 |
| Net Errors and Omissions | -424.5 | 168.6 | 25.4 | 65.7 | -164.8 |

1/ Preliminary

External Sector Statistics Unit

Economic Information & Publications Dept.

October 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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