



THE BALANCE OF PAYMENTS

Preliminary QUARTERLY REPORT September 2015

**International Accounts 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 (-)

Balance of Payments (US\$MN)	2015 Jul-Sept 1/
1. Current Account	-107.3
A. Goods	-778.9
Exports	288.1
Imports	1067.1
B. Services	168.3
Transportation	-154.9
Travel	512.3
Other Services	-189.1
C. Income	-87.7
Compensation of Employees	18.2
Investment Income	-106.0
D. Current Transfers	591.0
Official	54.6
Private	536.4
2. Capital & Financial Account	107.3
A. Capital Account	1449.7
Capital Transfers	1449.7
Official	1449.7
Private	0.0
Acq/Disp. of Non-produced Non-fin. Assets	0.0
B. Financial Account	-1342.4
Direct Investment	127.8
Portfolio Investment	-133.2
Other Official Investment	2033.6
Other Private Investment (incl. Errors & Omissions)	-3017.4
Reserves	-353.2
<i>I/ Preliminary</i>	
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Balance of Payments (US\$MN)	2015 Jul-Sept 1/
Current Account Balance	-107.3
Credits	1,733.1
Debits	1,840.4
Goods & Services	-610.6
Exports	1,004.5
Imports	1,615.1
Goods	-778.9
Exports	288.1
Imports	1,067.1
Services	168.3
Exports	716.3
Imports	548.0
Primary Income	-87.7
Credits	73.7
Debits	161.4
Secondary Income	591.0
Credits	655.0
Debits	64.0
Capital Account	1,449.7
Credits	1,449.7
Debits	0.0
Net lending (+) / net borrowing (-) (balance from current and capital account)	1,342.4
Financial Account	
Net lending (+) / net borrowing (-) (balance from financial account)	1014.3
Direct Investment	-127.8
Net acquisition of financial assets	6.5
Net incurrence of liabilities	134.4
Portfolio Investments	-1,764.5
Net acquisition of financial assets	131.4
Net incurrence of liabilities	1,895.9
Financial Derivatives	0.8
Net acquisition of financial assets	-1.3
Net incurrence of liabilities	-2.1
Other Investments	2,552.7
Net acquisition of financial assets	-108.1
Net incurrence of liabilities	-2,660.7
Reserve Assets	353.2
Net Errors and Omissions	-328.1
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● → direct mapping

--- → change of sign on all Financial Account Items

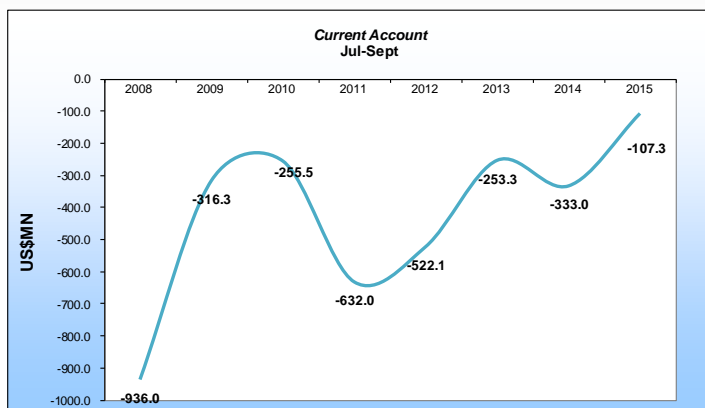
Balance of Payments: July to September 2015 Quarter

**Table 1: Balance of Payments
July-September 2015**

Balance of Payments (US\$MN)	2014:Q3	2015:Q3	Change
	Jul-Sept	Jul-Sept/	
Current Account Balance	-333.0	-107.3	225.6
Credits	1,774.2	1,733.1	-41.1
Debits	2,107.1	1,840.4	-266.7
Goods & Services	-831.3	-610.6	220.7
Exports	1,050.3	1,004.5	-45.9
Imports	1,881.6	1,615.1	-266.5
Goods	-946.0	-778.9	167.1
Exports	375.0	288.1	-86.8
Imports	1,321.0	1,067.1	-254.0
Services	114.8	168.3	53.5
Exports	675.4	716.3	41.0
Imports	560.6	548.0	-12.6
Primary Income	-85.7	-87.7	-2.0
Credits	76.0	73.7	-2.4
Debits	161.7	161.4	-0.3
Secondary Income	584.0	591.0	7.0
Credits	647.8	655.0	7.2
Debits	63.8	64.0	0.1
Capital Account	1.5	1449.7	1448.1
Credits	1.5	1,449.7	1,448.1
Debits	0.0	0.0	0.0
Net lending (+) / net borrowing (-) (balance from current and capital account)	-331.4	1,342.4	1,673.8
Financial Account			
Net lending (+) / net borrowing (-) (balance from financial account)	-281.7	1,014.3	1,295.9
Direct Investment	-138.0	-127.8	10.2
Net acquisition of financial assets	0.5	6.5	6.0
Net incurrence of liabilities	138.6	134.4	-4.2
Portfolio Investments	-764.7	-1,764.5	-999.8
Net acquisition of financial assets	-33.3	131.4	164.7
Net incurrence of liabilities	731.4	1,895.9	1,164.5
Financial derivatives	-48.8	0.8	49.6
Net acquisition of financial assets	-68.0	-1.3	66.7
Net incurrence of liabilities	-19.2	-2.1	17.1
Other Investments	-28.9	2,552.7	2,581.6
Net acquisition of financial assets	-196.4	-108.1	88.4
Net incurrence of liabilities	-167.5	-2,660.7	-2,493.2
Reserve Assets	698.7	353.2	
Net Errors and Omissions	49.8	-328.1	

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**Graph 1
Current Account Balances (8-Year Trend)**



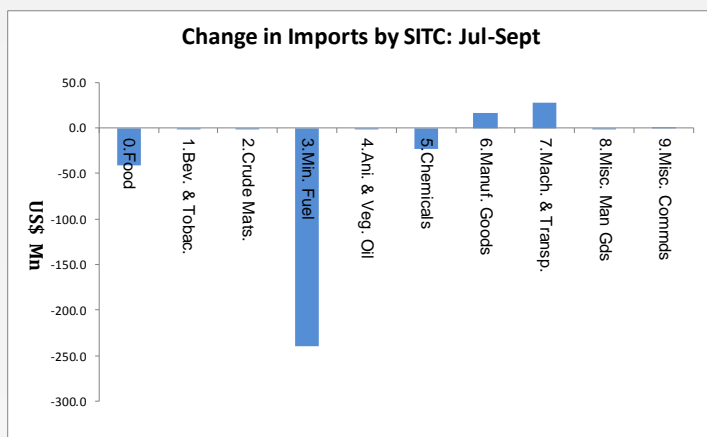
Source: Bank of Jamaica

There was a Current Account deficit of **US\$107.3 million** in the September 2015 quarter, representing a **US\$225.6 million** improvement relative to the corresponding period in 2014 (Table 1). This outturn represents a return to the upward trend in the Current Account balance for the September quarters since 2011 following a brief decline in 2014 (Graph 1). The improved outturn for the review period emanated from the Goods, Services and Secondary Income sub-accounts, which improved by **US\$167.1 million**, **US\$53.5 million** and **US\$7.0 million**, respectively. There was a deterioration of **US\$2.0 million** in the Primary Income account.

The improvement in the Goods account balance of **US\$167.1 million** was mainly as a result of a fall in Imports which were partially offset by a decline in Exports. This decline of **US\$254.0 million** in Imports was primarily as a result of decreases in imports of Mineral Fuel, Food, and Chemicals by **US\$239.5 million**, **US\$40.7 million** and **US\$22.9 million**, respectively (Graph 2). The decline in Exports of **US\$86.8 million** was mostly due to reductions in exports of Crude Materials and Mineral Fuel of **US\$30.8 million** and **US\$12.0 million**, respectively. However, this was somewhat offset by a **US\$5.3 million** increase in the exports of Chemicals (Graph 3).

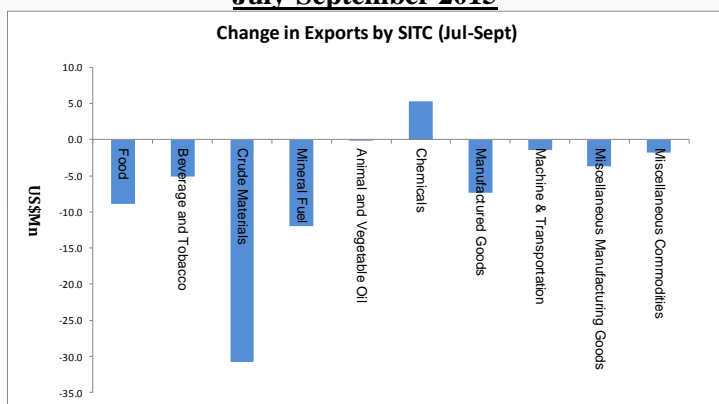
The improvement in the balance of **US\$53.5 million** in the Services sub-account stemmed primarily from an increase of **US\$53.4 million** and **US\$13.6 million** in net Travel and net Transport Services flows, respectively (See Table 3). This was partially offset by a decline of **US\$13.5 million** in Other

Graph 2
Change in Value of Imports
July-September 2015



Source: STATIN

Graph 3
Change in Value of Exports
July-September 2015



Source: STATIN

Services.

The Primary Income account deteriorated by **US\$2.0 million** to a deficit of **US\$87.7 million** for the review period. The Secondary Income account recorded a balance of **US\$591.0 million**. This represents a **US\$7.0 million** increase relative to the corresponding period in 2014. This increase was largely due to increased private transfers of **US\$11.9 million** for the quarter.

The Capital Account balance recorded a surplus of **US\$1.5 billion** in September 2015, primarily reflecting the discounted amount related to the PetroCaribe debt repurchase. This outturn together with the balance on the Current Account returned a net lending balance of **US\$1.3 billion**, compared to a net borrowing balance of **US\$331.4 million**, for the corresponding period of 2014.

The net lending balance in the Financial Account of **US\$1.0 billion** for the review quarter was mainly driven by transactions relating to the PetroCaribe debt repurchase, resulting in a net repayment of **US\$2.8 billion** in Other Investment liabilities and a net take-up of **US\$1.9 billion** in Portfolio Investment liabilities, stemming primarily from the issuance of two bonds maturing in 2028 and 2045.

Flows from official and private sources were more than sufficient to finance the Current and Capital accounts. Consequently, Reserve Assets increased by **US\$353.2 million** during the review period.

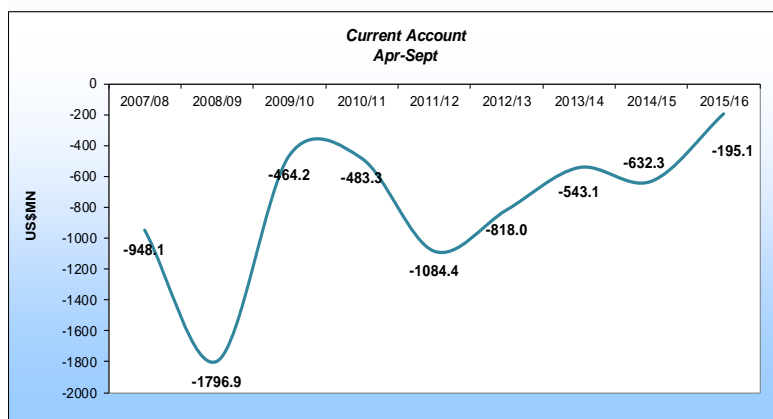
Balance of Payments: April to September 2015/16

Table 2: Balance of Payments
April-September 2015/16

Balance of Payments (US\$MN)	2014/15	2015/16	Change
	Apr-Sept	Apr-Sept/	
Current Account Balance	-632.3	-195.1	437.2
<i>Credits</i>	3,496.6	3,492.2	-4.4
<i>Debits</i>	4,128.9	3,687.3	-441.6
Goods & Services	-1,612.9	-1,183.0	429.9
<i>Exports</i>	2,100.6	2,054.1	-46.4
<i>Imports</i>	3,713.5	3,237.1	-476.4
Goods	-1,885.8	-1,581.6	304.1
<i>Exports</i>	730.9	632.5	-98.4
<i>Imports</i>	2,616.7	2,214.2	-402.5
Services	272.9	398.7	125.8
<i>Credits</i>	1,369.6	1,421.6	52.0
<i>Debits</i>	1,096.8	1,022.9	-73.8
Primary Income	-164.7	-204.6	-40.0
<i>Credits</i>	132.8	130.0	-2.7
<i>Debits</i>	297.4	334.7	37.2
Secondary Income	1,145.3	1,192.5	47.3
<i>Credits</i>	1,263.3	1,308.1	44.8
<i>Debits</i>	118.0	115.5	-2.5
Capital Account	2.9	1452.5	1449.5
<i>Credits</i>	2.9	1,452.5	1,449.5
<i>Debits</i>	0.0	0.0	0.0
Net lending (+) / net borrowing (-) (balance from current and capital account)	-629.3	1,257.4	1,886.8
Financial Account			
Net lending (+) / net borrowing (-) (balance from	-540.7	921.1	1,461.8
Direct Investment	-327.0	-274.1	52.9
<i>Net acquisition of financial assets</i>	-2.8	4.5	7.3
<i>Net incurrence of liabilities</i>	324.2	278.6	-45.6
Portfolio Investments	-591.1	-1,466.4	-875.3
<i>Net acquisition of financial assets</i>	328.2	289.3	-39.0
<i>Net incurrence of liabilities</i>	919.3	1,755.7	836.4
Financial derivatives	-115.3	29.6	144.9
<i>Net acquisition of financial assets</i>	-141.5	19.8	161.3
<i>Net incurrence of liabilities</i>	-26.2	-9.8	16.4
Other Investments	-174.0	2,431.3	2,605.3
<i>Net acquisition of financial assets</i>	-26.3	3.6	29.8
<i>Net incurrence of liabilities</i>	147.7	-2,427.7	-2,575.4
Reserve Assets	666.7	200.7	
Net Errors and Omissions	88.6	-336.3	

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Graph 4
Current Account Balances (8-Year Trend)



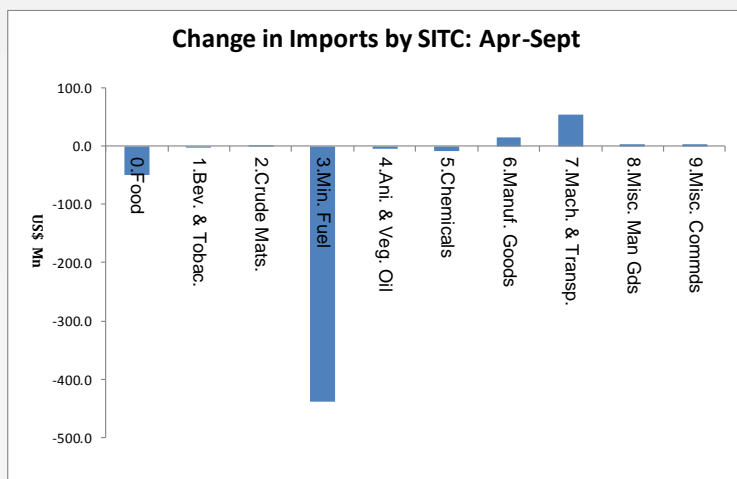
Source: Bank of Jamaica

The Current Account balance for the April to September 2015/16 fiscal period improved by **US\$437.2 million** to a deficit of **US\$195.1 million**, relative to the previous corresponding period (Table 2). This represents a continued upward trend since the corresponding period of FY2011/12 (Graph 4). The improved outturn for the review period emanated from all sub-accounts except the Primary Income sub-account. The Goods & Services and Secondary Income sub-accounts improved by **US\$429.9 million** and **US\$47.3 million**, respectively. However, the Primary Income sub-account deteriorated by **US\$40.0 million**.

The Goods sub-account registered a smaller deficit of **US\$1.6 billion**, improving by **US\$304.1 million** relative to the corresponding period of FY2014/15. This improvement was driven by a fall in Imports, which was partially offset by a decline in Exports (Table 2). Imports of goods decreased by **US\$402.5 million** to **US\$2.2 billion**, primarily driven by decreases in Mineral Fuel and Food imports of **US\$438.1 million** and **US\$49.6 million**, respectively (Graph 5). Exports of goods decreased by **US\$98.4 million** to **US\$632.5 million**, primarily as a result of decreases in exports of Manufactured Goods of **US\$16.3 million** and Mineral Fuel of **US\$16.1 million**. This reduction in Exports was partially offset by a **US\$5.8 million** increase in the Chemicals exports (Graph 6).

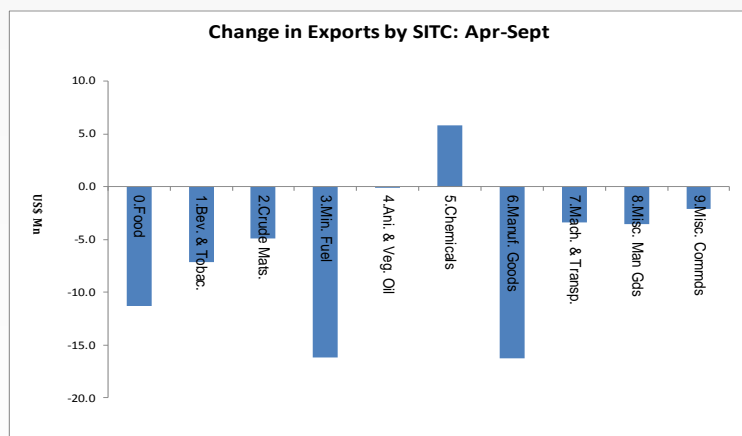
The balance on the Services sub-account improved by **US\$125.8 million** to **US\$398.7 million** for the review period. This resulted primarily from improvements in Travel Services and Transportation Services by **US\$73.2 million** and **US\$31.1 million**, respectively (Table 4).

Graph 5
Change in Value of Imports
April-September 2015/16



Source: STATIN

Graph 6
Change in Value of Exports
April-September 2015/16



Source: STATIN

The Primary Income sub-account deteriorated by **US\$40.0 million** to a deficit of **US\$204.6 million** during the review period, mainly due to increased interest income payments to non-residents by **US\$51.9 million** relative to the corresponding period in the previous fiscal year.

Relative to the previous corresponding period, the balance on the Secondary Income sub-account improved by **US\$47.3 million** to **US\$1.2 billion**. The improvement resulted from an increase of **US\$43.4 million** in private transfers and **US\$3.8 million** in official transfers.

The Capital Account balance recorded a surplus of **US\$1.5 billion** for the review fiscal period primarily reflecting the discounted amount related to PetroCaribe debt repurchase. This outturn together with the balance on the Current Account yielded a combined net lending balance of **US\$1.3 billion**, compared to a net borrowing balance of **US\$629.3 million** in the previous corresponding period.

The Financial Account recorded a net lending balance of **US\$921.1 million**, which was mainly driven by transactions relating to the PetroCaribe debt repurchases, resulting in a net repayment of **US\$2.4 billion** in Other Investment liabilities and a net take-up of **US\$1.8 billion** in Portfolio Investment liabilities, primarily stemming from the issuing of two bonds in the September quarter.

Flows from official and private sources were more than sufficient to finance the Current and Capital accounts. Consequently, there was a build-up in Reserves of **US\$200.7 million**.

Balance of Payments Analytical Presentation

Table 3: Review Quarter

Balance of Payments (US\$MN)	2014 Jul-Sept	2015 Jul-Sept 1/	Change
1. Current Account	-333.0	-107.3	225.6
A. Goods	-946.0	-778.9	167.1
Exports	375.0	288.1	-86.8
Imports	1321.0	1067.1	-254.0
B. Services	114.8	168.3	53.5
Transportation	-168.5	-154.9	13.6
Travel	458.8	512.3	53.4
Other Services	-175.6	-189.1	-13.5
C. Income	-85.7	-87.7	-2.0
Compensation of Employees	19.9	18.2	-1.6
Investment Income	-105.5	-106.0	-0.4
D. Current Transfers	584.0	591.0	7.0
Official	59.4	54.6	-4.9
Private	524.5	536.4	11.9
2. Capital & Financial Account	333.0	107.3	-225.6
A. Capital Account	1.5	1449.7	1448.1
Capital Transfers	1.5	1449.7	1448.1
Official	1.5	1449.7	1448.1
Private	0.0	0.0	0.0
Acq/Disp. of Non-produced Non-fin. Assets	0.0	0.0	0.0
B. Financial Account	331.4	-1342.4	-1673.8
Direct Investment	138.0	127.8	-10.2
Portfolio Investment	22.0	-133.2	-155.1
Other Official Investment	678.8	2033.6	1354.8
Other Private Investment (incl. Errors & Omissions)	191.4	-3017.4	-3208.8
Reserves	-698.7	-353.2	
<i>1/ Preliminary</i>			
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Table 4: Review Fiscal Year to Date

Balance of Payments (US\$MN)			
	2014/15	2015/16	
	Apr-Sept	Apr-Sept 1/	Change
1. Current Account	-632.3	-195.1	437.2
A. Goods	-1885.8	-1581.6	304.1
Exports	730.9	632.5	-98.4
Imports	2616.7	2214.2	-402.5
B. Services	272.9	398.7	125.8
Transportation	-332.1	-301.0	31.1
Travel	963.8	1037.0	73.2
Other Services	-358.8	-337.3	21.5
C. Income	-164.7	-204.6	-40.0
Compensation of Employees	25.2	23.2	-2.0
Investment Income	-189.8	-227.8	-38.0
D. Current Transfers	1145.3	1192.5	47.3
Official	104.9	108.7	3.8
Private	1040.4	1083.8	43.4
2. Capital & Financial Account	632.3	195.1	-437.2
A. Capital Account	2.9	1452.5	1449.5
Capital Transfers	2.9	1452.5	1449.5
Official	2.9	1452.5	1449.5
Private	0.0	0.0	0.0
Acq/Disp. of Non-produced Non-fin. Assets	0.0	0.0	0.0
B. Financial Account	629.3	-1257.4	-1886.8
Direct Investment	327.0	274.1	-52.9
Portfolio Investment	-275.1	-258.6	16.5
Other Official Investment	825.5	1867.3	1041.7
Other Private Investment (incl. Errors & Omissions)	418.5	-2939.5	-3358.0
Reserves	-666.7	-200.7	
<i>1/ Preliminary</i>			
<i>External Sector Statistics Unit</i>			
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<i>January 2016</i>			

Table 5: Review Calendar Year

Balance of Payments (US\$MN)			
	2014	2015	
	Jan-Sept	Jan-Sept 1/	Change
1. Current Account	-746.5	-171.4	575.2
A. Goods	-2770.4	-2367.9	402.5
Exports	1115.2	969.0	-146.2
Imports	3885.6	3336.8	-548.7
B. Services	503.8	704.7	200.9
Transportation	-532.8	-442.0	90.8
Travel	1559.2	1677.4	118.2
Other Services	-522.7	-530.7	-8.0
C. Income	-181.1	-244.8	-63.7
Compensation of Employees	32.4	35.3	2.9
Investment Income	-213.6	-280.2	-66.6
D. Current Transfers	1701.2	1736.6	35.5
Official	168.2	151.5	-16.7
Private	1532.9	1585.1	52.2
2. Capital & Financial Account	746.5	171.4	-575.2
A. Capital Account	3.6	1461.7	1458.2
Capital Transfers	3.6	1461.7	1458.2
Official	3.6	1461.7	1458.2
Private	0.0	0.0	0.0
Acq/Disp. of Non-produced Non-fin. Assets	0.0	0.0	0.0
B. Financial Account	743.0	-1290.4	-2033.4
Direct Investment	454.3	422.1	-32.2
Portfolio Investment	-254.4	-542.1	-287.7
Other Official Investment	911.1	1821.1	910.0
Other Private Investment (incl. Errors & Omissions)	529.6	-2575.0	-3104.6
Reserves	-897.7	-416.6	
<i>1/ Preliminary</i>			
<i>External Sector Statistics Unit</i>			
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<i>January 2016</i>			

Historical Balance of Payments Tables

Table 6: Recent Five Quarters

Balance of Payments (US\$MN)	2014/15:Q2	2014/15:Q3	2014/15:Q4	2015/16:Q1	2015/16:Q2
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Current Account Balance	-333.0	-363.6	23.7	-87.7	-107.3
<i>Credits</i>	1,774.2	1,790.5	1,814.7	1,759.1	1,733.1
<i>Debits</i>	2,107.1	2,154.0	1,791.0	1,846.9	1,840.4
Goods & Services	-831.3	-852.1	-480.2	-572.3	-610.6
<i>Exports</i>	1,050.3	1,044.5	1,157.2	1,049.7	1,004.5
<i>Imports</i>	1,881.6	1,896.7	1,637.4	1,622.0	1,615.1
Goods	-946.0	-988.6	-786.2	-802.7	-778.9
<i>Exports</i>	375.0	333.5	336.5	344.4	288.1
<i>Imports</i>	1,321.0	1,322.2	1,122.7	1,147.1	1,067.1
Services	114.8	136.5	306.0	230.4	168.3
<i>Exports</i>	675.4	711.0	820.7	705.3	716.3
<i>Imports</i>	560.6	574.5	514.7	474.9	548.0
Primary Income	-85.7	-101.5	-40.2	-116.9	-87.7
<i>Credits</i>	76.0	95.5	55.4	56.4	73.7
<i>Debits</i>	161.7	197.0	95.6	173.3	161.4
Secondary Income	584.0	590.1	544.1	601.5	591.0
<i>Credits</i>	647.8	650.4	602.1	653.1	655.0
<i>Debits</i>	63.8	60.3	58.0	51.5	64.0
Capital Account	1.5	5.5	9.3	2.8	1449.7
<i>Credits</i>	1.5	5.5	9.3	2.8	1,449.7
<i>Debits</i>	0.0	0.0	0.0	0.0	0.0
Net lending (+) / net borrowing (-) (balance from current and capital account)	-331.4	-358.0	33.0	-84.9	1342.4
Financial Account					
Net lending (+) / net borrowing (-) (balance from financial account)	-281.7	-228.7	-84.9	-93.2	1014.3
Direct Investment	-138.0	-139.3	-148.0	-146.3	-127.8
<i>Net acquisition of financial assets</i>	0.5	0.4	-1.0	-2.0	6.5
<i>Net incurrence of liabilities</i>	138.6	139.7	147.0	144.2	134.4
Portfolio Investments	-764.7	141.3	259.0	298.1	-1,764.5
<i>Net acquisition of financial assets</i>	-33.3	-76.1	403.0	157.9	131.4
<i>Net incurrence of liabilities</i>	731.4	-217.4	144.0	-140.2	1,895.9
Financial derivatives	-48.8	-1.6	-2.0	28.8	0.8
<i>Net acquisition of financial assets</i>	-68.0	-12.4	-12.2	21.1	-1.3
<i>Net incurrence of liabilities</i>	-19.2	-10.9	-10.1	-7.7	-2.1
Other Investments	-28.9	12.3	-409.7	-121.4	2,552.7
<i>Net acquisition of financial assets</i>	-196.4	101.0	-269.2	111.6	-108.1
<i>Net incurrence of liabilities</i>	-167.5	88.7	140.5	233.0	-2,660.7
Reserve Assets	698.7	-241.4	215.9	-152.5	353.2
Net Errors and Omissions	49.8	129.4	-117.9	-8.2	-328.1
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Table 7: Full Fiscal Year

Balance of Payments (US\$MN)	2014/15:Q1	2014/15:Q2	2014/15:Q3	2014/15:Q4	2014/15
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Mar 1/
Current Account Balance	-299.3	-333.0	-363.6	23.7	-972.1
<i>Credits</i>	1,722.5	1,774.2	1,790.5	1,814.7	7,101.7
<i>Debits</i>	2,021.8	2,107.1	2,154.0	1,791.0	8,073.9
Goods & Services	-781.6	-831.3	-852.1	-480.2	-2,945.2
<i>Exports</i>	1,050.2	1,050.3	1,044.5	1,157.2	4,302.3
<i>Imports</i>	1,831.9	1,881.6	1,896.7	1,637.4	7,247.5
Goods	-939.7	-946.0	-988.6	-786.2	-3,660.7
<i>Exports</i>	355.9	375.0	333.5	336.5	1,400.9
<i>Imports</i>	1,295.7	1,321.0	1,322.2	1,122.7	5,061.6
Services	158.1	114.8	136.5	306.0	715.4
<i>Exports</i>	694.3	675.4	711.0	820.7	2,901.3
<i>Imports</i>	536.2	560.6	574.5	514.7	2,185.9
Primary Income	-79.0	-85.7	-101.5	-40.2	-306.3
<i>Credits</i>	56.7	76.0	95.5	55.4	283.7
<i>Debits</i>	135.7	161.7	197.0	95.6	590.1
Secondary Income	561.3	584.0	590.1	544.1	2,279.4
<i>Credits</i>	615.5	647.8	650.4	602.1	2,515.7
<i>Debits</i>	54.2	63.8	60.3	58.0	236.3
Capital Account	1.4	1.5	5.5	9.3	17.7
<i>Credits</i>	1.4	1.5	5.5	9.3	17.7
<i>Debits</i>	0.0	0.0	0.0	0.0	0.0
Net lending (+) / net borrowing (-) (balance from current ARd capital account)	-297.9	-331.4	-358.0	33.0	-954.4
Financial Account					
Net lending (+) / net borrowing (-) (balance from financial account)	-259.0	-281.7	-228.7	-84.9	-854.3
Direct Investment	-189.0	-138.0	-139.3	-148.0	-614.3
<i>Net acquisition of financial assets</i>	-3.3	0.5	0.4	-1.0	-3.4
<i>Net incurrence of liabilities</i>	185.6	138.6	139.7	147.0	611.0
Portfolio Investments	173.6	-764.7	141.3	259.0	-190.8
<i>Net acquisition of financial assets</i>	361.6	-33.3	-76.1	403.0	655.1
<i>Net incurrence of liabilities</i>	187.9	731.4	-217.4	144.0	845.9
Financial derivatives	-66.5	-48.8	-1.6	-2.0	-118.9
<i>Net acquisition of financial assets</i>	-73.5	-68.0	-12.4	-12.2	-166.1
<i>Net incurrence of liabilities</i>	-7.0	-19.2	-10.9	-10.1	-47.2
Other Investments	-145.1	-28.9	12.3	-409.7	-571.4
<i>Net acquisition of financial assets</i>	170.2	-196.4	101.0	-269.2	-194.5
<i>Net incurrence of liabilities</i>	315.2	-167.5	88.7	140.5	376.9
Reserves Assets	-32.1	698.7	-241.4	215.9	641.1
Net Errors and Omissions	38.8	49.8	129.4	-117.9	100.1

1/ Preliminary
International Accounts Unit
Economic Information & Publications Dept.
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Glossary (BPM6)

The Sixth Edition of the Balance of Payments Manual (BPM6) format was first published in the September 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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