

SELECTED ECONOMIC INDICATORS

Figure 1

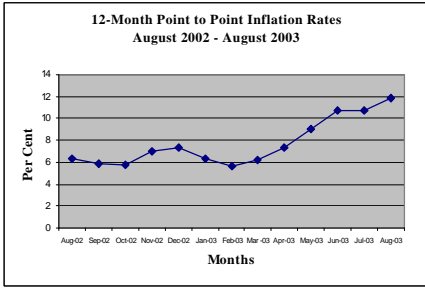


Figure 2

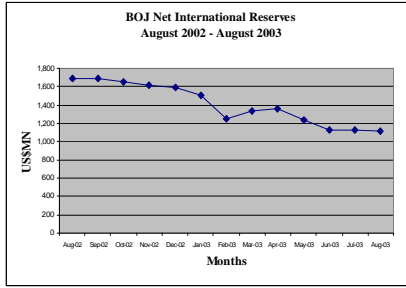


Figure 3

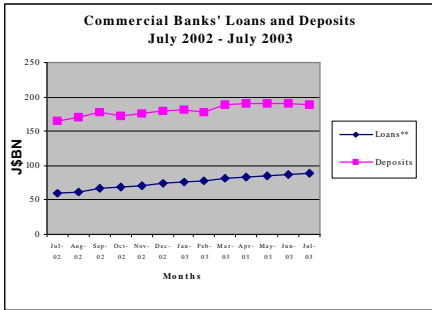


Figure 4

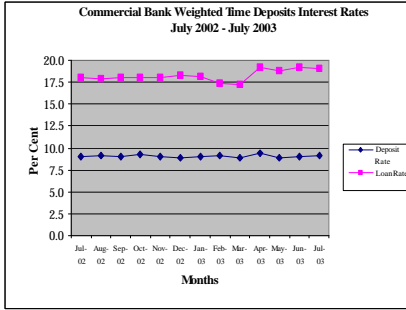


Figure 5

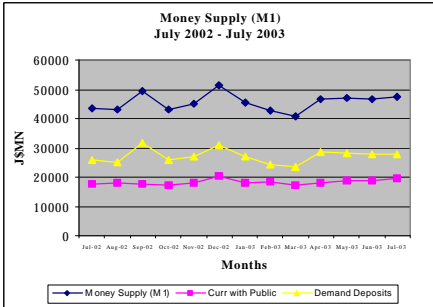
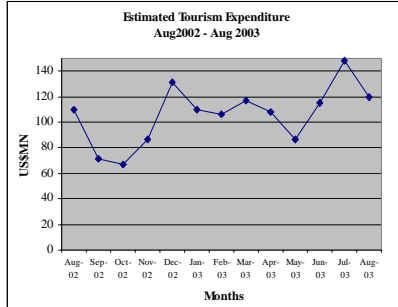


Figure 6



| I. MONETARY AGGREGATES (J\$mn.) | | | | % |
|--|-------------------|-------------------|-------------------|--------------------|
| | July 2002 | June 2003+ | July 2003 | Change p.a. |
| Local and Foreign Currency | | | | |
| Money Supply (M1)..... | <u>43,489.11</u> | <u>46,754.74</u> | <u>47,394.04</u> | <u>8.98</u> |
| (a) Currency with the Public..... | 17,552.45 | 18,758.45 | 19,638.04 | 11.88 |
| (b) Demand Deposits (adj.)***..... | 25,936.66 | 27,996.29 | 27,756.00 | 7.01 |
| Quasi-Money..... | <u>107,555.25</u> | <u>120,084.00</u> | <u>119,442.31</u> | <u>11.05</u> |
| (a) Time..... | 31,336.38 | 31,135.93 | 30,355.39 | -3.13 |
| (b) Savings..... | 76,218.87 | 88,948.07 | 89,086.92 | 16.88 |
| Money Supply (M2)..... | <u>151,044.36</u> | <u>166,833.74</u> | <u>166,836.35</u> | <u>10.46</u> |
| Domestic Credit (net)..... | <u>157,454.40</u> | <u>194,927.38</u> | <u>197,490.33</u> | <u>25.43</u> |
| Local Currency | | | | |
| Money Supply (M1)..... | <u>37,128.95</u> | <u>37,201.55</u> | <u>38,953.31</u> | <u>4.91</u> |
| (a) Currency with the Public..... | 17,552.45 | 18,758.45 | 19,638.05 | 11.88 |
| (b) Demand Deposits (adj.)***..... | 19,576.50 | 18,443.10 | 19,315.26 | -1.33 |
| Quasi-Money..... | <u>73,373.33</u> | <u>72,733.40</u> | <u>74,059.86</u> | <u>0.94</u> |
| (a) Time..... | 20,559.26 | 17,042.89 | 17,687.88 | -13.97 |
| (b) Savings..... | 52,814.07 | 55,690.51 | 56,371.98 | 6.74 |
| Money Supply (M2)..... | <u>110,502.28</u> | <u>109,934.95</u> | <u>113,013.17</u> | <u>2.27</u> |
| Domestic Credit (net)..... | <u>142,096.21</u> | <u>170,744.94</u> | <u>173,026.62</u> | <u>21.77</u> |
| | Aug 2002 | July 2003 | Aug 2003 | |
| Base Money..... | <u>30,715.50</u> | <u>32,781.03</u> | <u>33,059.43</u> | <u>7.63</u> |
| II. COMMERCIAL BANKS (J\$mn.) | July 2002 | June 2003 | July 2003 | |
| Assets & Liabilities (J\$mn.)**..... | <u>245,855.19</u> | <u>295,233.29</u> | <u>299,171.74</u> | <u>21.69</u> |
| Loans**..... | <u>60,166.25</u> | <u>87,067.38</u> | <u>89,141.22</u> | <u>48.16</u> |
| Agriculture..... | 1,445.89 | 1,612.08 | 1,595.76 | 10.37 |
| Manufacturing..... | 3,538.21 | 3,766.78 | 3,764.09 | 6.38 |
| Construction & Land Development..... | 2,323.92 | 4,773.38 | 5,215.63 | 124.43 |
| Mining..... | 106.40 | 104.40 | 135.19 | 27.06 |
| Tourism..... | 6,019.87 | 9,744.30 | 10,152.49 | 68.65 |
| Transport, Storage & Communication..... | 3,976.22 | 7,306.97 | 7,356.96 | 85.02 |
| Consumer-Oriented..... | 21,930.69 | 31,257.81 | 31,716.96 | 44.62 |
| Government Services..... | 17,000.67 | 26,812.40 | 27,658.71 | 62.69 |
| Other..... | 3,824.38 | 1,689.26 | 1,545.43 | -59.59 |
| DEPOSITS..... | <u>165,517.00</u> | <u>190,050.41</u> | <u>188,403.21</u> | <u>13.83</u> |
| Private Sector (including overseas residents)..... | <u>144,247.22</u> | <u>161,704.17</u> | <u>160,732.21</u> | <u>11.43</u> |
| Time..... | 34,309.53 | 36,879.33 | 36,266.42 | 5.70 |
| Savings..... | 81,918.57 | 95,882.66 | 95,976.19 | 17.16 |
| Demand..... | 28,019.12 | 28,942.18 | 28,489.60 | 1.68 |
| Government..... | <u>9,491.87</u> | <u>15,010.24</u> | <u>13,476.29</u> | <u>41.98</u> |
| Time..... | 360.47 | 563.53 | 568.99 | 57.85 |
| Savings..... | 330.77 | 1,480.72 | 1,524.03 | 360.75 |
| Demand..... | 8,800.63 | 12,965.99 | 11,383.27 | 29.35 |
| Public Entities..... | <u>6,206.83</u> | <u>6,319.15</u> | <u>8,276.23</u> | <u>33.34</u> |
| Time..... | 3,271.94 | 3,763.65 | 5,514.40 | 68.54 |
| Savings..... | 1,556.17 | 1,470.86 | 1,659.73 | 6.65 |
| Demand..... | 1,378.72 | 1,084.64 | 1,102.10 | -20.06 |

** Includes provision for loan losses; and excludes loans acquired by FINSAC.

*** Excludes Deposits of Government, Public Entities, Financial Institutions and Overseas Residents

+ Revised.

| II. COMMERCIAL BANKS (J\$mn.) (Cont'd) | | | | % |
|---|------------------|------------------|------------------|--------------------|
| | July 2002 | June 2003 | July 2003 | Change p.a. |
| Spec. & O. F. Insts..... | 5,571.08 | 7,016.85 | 5,918.48 | 6.24 |
| Time..... | 1,493.05 | 1,767.75 | 1,832.53 | 22.74 |
| Savings..... | 967.30 | 1,094.73 | 1,163.88 | 20.32 |
| Demand..... | 3,110.73 | 4,154.37 | 2,922.07 | -6.06 |
| | Aug 2002 | July 2003 | Aug 2003 | |
| Current Account Balances (J\$mn.)..... | 45.14 | 53.50 | 94.09 | |
| LIQUIDITY (Average) % | July 2002 | June 2003 | July 2003 | |
| Actual Liquid Assets Ratio..... | 42.85 | 32.89 | 33.26 | |
| Cash..... | 1.65 | 2.15 | 2.18 | |
| Deposits with B.O.J..... | 9.48 | 9.20 | 9.25 | |
| Treasury Bills..... | 0.81 | 0.27 | 0.31 | |
| Equity Investment Bonds..... | 0.00 | 0.00 | 0.00 | |
| Local Registered Stocks..... | 7.57 | 9.44 | 11.35 | |
| Other..... | 23.34 | 11.83 | 10.17 | |
| Statutory Requirement..... | 27.00 | 23.00 | 23.00 | |
| III. SELECTED INTEREST RATES (%) | Aug 2002 | July 2003 | Aug 2003 | |
| COMMERCIAL BANKS (Domestic Currency) | | | | |
| Fixed Deposits (J\$100,000 & over) | | | | |
| 3-6 months..... | 7.75-13.25 | 8.50-13.15 | 8.50-13.15 | |
| 9-12 months..... | 7.75-12.10 | 8.50-13.15 | 8.50-13.15 | |
| Call Deposits..... | 2.00-8.00 | 5.00-63.00 | 1.00-64.00 | |
| Average Savings Deposits | 8.86 | 8.22 | 8.22 | |
| Average Loan Rate..... | 26.25 | 25.18 | 25.60 | |
| | July 2002 | June 2003 | July 2003 | |
| Weighted Fixed Deposits Rate..... | 9.08 | 8.98 | 9.12 | |
| Weighted Loan Rate..... | 17.98 | 19.24 | 19.02 | |
| G.O.J. Treasury Bills (Weighted Average) Yield | Sept 2002 | Aug 2003 | Sept 2003 | |
| 3 Months:..... | - | - | - | |
| 6 Months:..... | 16.69 | 25.74 | 23.42 | |
| 9 Months:..... | 16.98 | - | 23.87 | |
| 12 Months:..... | - | - | - | |
| | Sept 2002 | Aug 2003 | Sept 2003 | |
| BOJ Reverse Repurchase Rates (%) | | | | |
| 30-Day | 12.95 | 15.00 | 15.00 | |
| 60-Day | 13.05 | 15.30 | 15.30 | |
| 90-Day | 17.25 | 18.00 | 18.00 | |
| 120-Day | 17.05 | 22.00 | 21.00 | |
| 180-Day | 13.45 | 25.50 | 23.50 | |
| 270-Day | 13.85 | 25.75 | 23.75 | |
| 360-Day | 14.50 | 26.00 | 24.00 | |
| COMMERCIAL BANKS (Foreign Currency) | | | | |
| Fixed Deposits (Under US\$100,000) | Aug 2002 | July 2003 | Aug 2003 | |
| 1-3 months..... | 2.00-4.50 | 2.00-4.50 | 2.00-4.50 | |
| 3-6 months..... | 2.00-4.50 | 2.00-4.50 | 2.00-4.55 | |
| 6-12 months..... | 2.00-6.00 | 2.00-6.00 | 2.00-6.00 | |
| Fixed Deposits (US\$100,000 & Over) | | | | |
| 1-3 months..... | 2.00-4.75 | 3.25-4.75 | 3.25-4.75 | |
| 3-6 months..... | 2.00-4.75 | 3.25-4.75 | 3.25-4.75 | |
| 6-12 months..... | 2.00-6.25 | 3.50-6.25 | 3.50-6.25 | |
| Average Loan Rates | 12.64 | 12.15 | 12.15 | |
| Average Savings | 2.86 | 2.66 | 2.72 | |

| | | | | | % |
|--|------------------|-------------------|-------------------|--|--------------------|
| IV. SECURITIES (J\$m.) (outstanding balances) | July 2002 | June 2003 | July 2003 | | Change p.a. |
| GOJ Local Registered Stock..... | 218,092.54 | 241,163.21 | 235,154.26 | | 7.82 |
| | Sept 2002 | Aug 2003 | Sept 2003 | | |
| BOJ Open Market Operations 1/..... | 96,072.40 | 78,997.19 | 83,700.27 | | -12.88 |
| GOJ Treasury Bills..... | 4,350.00 | 2,100.00 | 2,400.00 | | -44.83 |
| V. INSTALMENT CREDIT (J\$m.) | July 2002 | June 2003 | July 2003 | | |
| (Banks & Near-Banks) | | | | | |
| Total Credit Outstanding..... | 6,261.76 | 8,061.32 | 8,365.96 | | 33.60 |
| New Business..... | 465.96 | 548.63 | 663.28 | | 42.35 |
| VI. NEAR-BANKS (J\$m.) | July 2002 | June 2003 | July 2003 | | |
| (Merchant Banks, Trust Com. & Finance Houses) | | | | | |
| Assets/Liabilities..... | 25,140.01 | 43,177.77 | 43,466.22 | | 72.90 |
| Loans Outstanding..... | 4,019.80 | 5,354.93 | 5,242.45 | | 30.42 |
| Total Deposits..... | 8,274.78 | 7,467.85 | 6,695.84 | | -19.08 |
| Loans..... | <u>4,019.80</u> | <u>5,354.93</u> | <u>5,242.45</u> | | <u>30.42</u> |
| Agriculture..... | 23.80 | 83.54 | 83.79 | | 252.06 |
| Manufacturing..... | 663.41 | 277.82 | 279.47 | | -57.87 |
| Construction & Land Development..... | 185.16 | 774.66 | 766.98 | | 314.23 |
| Mining, Quarrying & Processing..... | 57.23 | 37.09 | 75.38 | | 31.71 |
| Tourism..... | 290.66 | 471.27 | 467.47 | | 60.83 |
| Transport, Storage & Communication..... | 71.55 | 15.19 | 13.57 | | -81.03 |
| Consumer Oriented..... | 2,456.67 | 2,378.65 | 2,313.18 | | -5.84 |
| Government Services..... | 180.82 | 990.92 | 984.15 | | 444.27 |
| Other..... | 90.50 | 325.79 | 258.46 | | 185.59 |
| | July 2002 | June 2003+ | July 2003* | | |
| Liquid Assets Ratio (average) %..... | 102.00 | 70.60 | 55.90 | | |
| Statutory Requirement..... | 28.00 | 23.00 | 23.00 | | |
| VII. BUILDING SOCIETIES (J\$m.) | July 2002 | June 2003 | July 2003 | | |
| (members & associate members) | | | | | |
| Assets/Liabilities..... | 54,615.70 | 59,172.80 | 59,398.58 | | 8.76 |
| Loan Balances..... | 18,943.75 | 22,054.04 | 22,403.22 | | 18.26 |
| Savings Funds..... | 42,284.04 | 45,574.74 | 45,520.40 | | 7.65 |
| VIII. INFLATION | Aug 2002 | July 2003 | Aug 2003 | | |
| Consumer Price Index (Jan. 1988 = 100)..... | 1,521.2 | 1,678.4 | 1,702.0 | | 11.89 |
| Monthly Rate (%)..... | 0.4 | 1.5 | 1.4 | | |
| Calendar Year to Date (%) (point to point)..... | 4.2 | 7.2 | 8.7 | | |
| Fiscal Year to Date (%) (point to point)..... | 3.6 | 7.6 | 9.1 | | |
| IX. ACTUAL PRODUCTION ('000) | Aug 2002 | July 2003 | Aug 2003 | | |
| Bauxite (metric tonnes)..... | 405.87 | 328.18 | 374.68 | | -7.68 |
| Alumina (metric tonnes)..... | 326.73 | 322.94 | 306.09 | | -6.32 |
| Sugar (metric tonnes)..... | 0.18 | 1.32 | - | | - |
| Banana (tonnes)..... | 3.65 | 3.04 | 3.69 | | 1.10 |
| X. STOCK MARKET ACTIVITIES | Aug 2002 | July 2003 | Aug 2003 | | |
| Index..... | 39,557.18 | 54,003.06 | 55,077.33 | | 39.23 |
| Volume Traded (mn.)..... | 100.40 | 973.81 | 1,027.23 | | 923.14 |
| Ordinary Shares..... | 97.80 | 367.05 | 723.56 | | 639.84 |
| Block Transactions..... | 2.60 | 606.76 | 303.67 | | 11,579.62 |

4 1/ BOJ Open Market Operations include Reverse Repurchases
- No Production
* Provisional
+ Revised

X. STOCK MARKET ACTIVITIES (cont'd)

| | Aug 2002 | July 2003 | Aug 2003 | % Change p.a. |
|--------------------------------------|----------|-----------|----------|------------------|
| Value of Stocks Traded (J\$mn.)..... | 634.51 | 6,465.87 | 3,837.50 | 504.80 |
| Ordinary Shares..... | 598.64 | 1,282.78 | 2,604.55 | 335.08 |
| Block Transactions..... | 35.87 | 5,183.09 | 1,232.95 | 3,337.27 |
| Advance/Decline Ratio..... | 22/10 | 29/3 | 19/12 | |

XI. EXTERNAL TRADE (US\$mn.)

| | Jan-Mar 2002 | Jan-Mar 2003 | Change |
|-----------------------------------|----------------|----------------|----------------|
| 1. EXPORTS | | | |
| a) Major Traditional Exports..... | <u>210.87</u> | <u>212.82</u> | <u>1.95</u> |
| Bauxite..... | 28.01 | 20.86 | -7.15 |
| Alumina..... | 150.81 | 161.34 | 10.53 |
| Sugar..... | 27.54 | 25.90 | -1.64 |
| Bananas..... | 4.51 | 4.72 | 0.21 |
| b) Other Traditional Exports..... | 18.93 | 18.84 | -0.09 |
| c) Non-Traditional Exports..... | 58.22 | 56.86 | -1.36 |
| d) Re-exports..... | 3.75 | 5.57 | 1.81 |
| General Merchandise Exports..... | <u>291.77</u> | <u>294.09</u> | <u>2.32</u> |
| (e) Freezone Exports..... | 30.78 | 21.83 | -8.95 |
| (f) Goods Procured in Port..... | 7.20 | 7.50 | 0.30 |
| Total Goods Exports..... | <u>329.75</u> | <u>323.42</u> | <u>-6.33</u> |
| 2. IMPORTS | | | |
| (a) Consumer Goods..... | 240.90 | 260.40 | 19.50 |
| (b) Raw Materials..... | 412.18 | 527.44 | 115.26 |
| (c) Capital Goods..... | 147.10 | 150.32 | 3.22 |
| General Merchandise Imports..... | <u>800.18</u> | <u>938.16</u> | <u>137.98</u> |
| (d) Freezone Imports..... | 16.78 | 13.55 | -3.23 |
| (e) Goods Procured in Port..... | 9.40 | 9.70 | 0.30 |
| Total Goods Imports..... | <u>826.36</u> | <u>961.41</u> | <u>135.05</u> |
| Trade Balance..... | <u>-496.61</u> | <u>-637.74</u> | <u>-118.13</u> |
| Memo: | | | |
| Caricom Exports..... | 10.44 | 12.47 | 2.03 |
| Caricom Imports..... | 93.09 | 122.04 | 28.95 |
| Caricom Trade Balance..... | <u>-82.65</u> | <u>-109.57</u> | <u>-26.92</u> |

XII. TOURISM

| | Jan-Aug 2002 | Jan-Aug 2003 | % Change |
|---------------------------------------|-----------------|-----------------|--------------|
| Tourist Arrivals ('000)..... | <u>1,444.62</u> | <u>1,699.06</u> | <u>17.61</u> |
| Stopovers..... | 890.40 | 950.57 | 6.76 |
| Cruise..... | 554.22 | 748.49 | 35.05 |
| Armed Forces..... | 0.17 | - | - |
| Cumulative Expenditure (US\$mn.)..... | <u>832.60</u> | <u>917.10</u> | <u>10.15</u> |

XIII. BALANCE OF PAYMENTS (US\$mn.)

| <i>Balance of Payments (Calendar)</i> | Jan-Mar 2002 | Jan-Mar 2003 | Change |
|---------------------------------------|---------------|---------------|---------------|
| 1. Current Account..... | <u>-168.4</u> | <u>-232.6</u> | <u>-64.2</u> |
| A. Goods balance..... | <u>-377.3</u> | <u>-505.2</u> | <u>-127.9</u> |
| Exports (f.o.b.)..... | 329.7 | 323.4 | -6.3 |
| Imports (f.o.b.)..... | 707.0 | 828.6 | 121.6 |
| B. Service Balance..... | <u>93.9</u> | <u>167.1</u> | <u>73.2</u> |
| Transportation..... | -48.8 | -44.4 | 4.4 |
| Travel..... | 248.0 | 320.8 | 72.8 |
| Other Services..... | -105.3 | -109.3 | -4.0 |

| <i>Balance of Payments (Calendar) (Cont'd)</i> | | | |
|---|------------------|------------------|---------------|
| | Jan-Mar 2002 | Jan-Mar 2003 | Change |
| C. Income..... | <u>-146.3</u> | <u>-165.8</u> | <u>-19.5</u> |
| Compensation of Employees..... | 3.0 | 4.9 | 1.9 |
| Investment Income..... | -149.3 | -170.7 | -21.4 |
| D. Current Transfers..... | <u>261.3</u> | <u>271.3</u> | <u>10.0</u> |
| Official..... | 25.2 | 21.7 | -3.5 |
| Private..... | 236.1 | 249.6 | 13.5 |
| 2. Capital and Financial Account..... | <u>168.4</u> | <u>232.6</u> | <u>64.2</u> |
| A. Capital Account..... | <u>-5.6</u> | <u>-5.0</u> | <u>0.6</u> |
| Capital Transfers..... | -5.6 | -5.0 | 0.6 |
| Official..... | 0.1 | 0.1 | 0.0 |
| Private..... | -5.7 | -5.1 | 0.6 |
| Acq./Disp. of non-produced non-fin. assets..... | 0.0 | 0.0 | 0.0 |
| B. Financial Account..... | <u>174.0</u> | <u>237.6</u> | <u>63.6</u> |
| Other Official Investment..... | 52.1 | -251.5 | -303.6 |
| Other Private Investment..... | 222.8 | 231.8 | 9.0 |
| <i>(incl. errors & omissions)</i> | | | |
| Reserves..... | <u>-100.9</u> | <u>257.3</u> | |
| | Apr-Mar | Apr-Mar | |
| <i>Balance of Payments (Fiscal)</i> | 2001/2002 | 2002/2003 | |
| 1. Current Account..... | <u>-763.9</u> | <u>-1,181.5</u> | <u>-417.6</u> |
| A. Goods balance..... | <u>-1,577.3</u> | <u>-1,998.4</u> | <u>-421.1</u> |
| Exports (f.o.b.)..... | 1,423.7 | 1,302.8 | -120.9 |
| Imports (f.o.b.)..... | 3,001.0 | 3,301.2 | 300.2 |
| B. Service Balance..... | <u>312.3</u> | <u>344.3</u> | <u>32.0</u> |
| Transportation..... | -253.7 | -241.2 | 12.5 |
| Travel..... | 955.6 | 1,023.8 | 68.2 |
| Other Services..... | -389.6 | -438.3 | -48.7 |
| C. Income..... | <u>-457.6</u> | <u>-625.0</u> | <u>-167.4</u> |
| Compensation of Employees..... | 73.4 | 84.0 | 10.6 |
| Investment Income..... | -531.0 | -709.0 | -178.0 |
| D. Current Transfers..... | <u>958.7</u> | <u>1,097.6</u> | <u>138.9</u> |
| Official..... | 116.5 | 104.1 | -12.4 |
| Private..... | 842.2 | 993.5 | 151.3 |
| 2. Capital and Financial Account..... | <u>763.9</u> | <u>1,181.5</u> | <u>417.6</u> |
| A. Capital Account..... | <u>-24.2</u> | <u>-16.3</u> | <u>7.9</u> |
| Capital Transfers..... | -24.2 | -16.3 | 7.9 |
| Official..... | 0.4 | 0.2 | -0.2 |
| Private..... | -24.6 | -16.5 | 8.1 |
| Acq./Disp. of non-produced non-fin. assets..... | 0.0 | 0.0 | 0.0 |
| B. Financial Account..... | <u>788.1</u> | <u>1,197.8</u> | <u>409.7</u> |
| Other Official Investment..... | 590.5 | -226.5 | -817.0 |
| Other Private Investment..... | 853.0 | 822.4 | -30.6 |
| <i>(incl. errors & omissions)</i> | | | |
| Reserves..... | <u>-655.4</u> | <u>601.9</u> | |
| Government Reserves..... | 0.0 | 0.0 | |

| | Aug 2002 | July 2003 | Aug 2003 | % Change p.a. |
|---|------------------|-------------------|------------------|------------------|
| XIV. BOJ NET INTERNATIONAL RESERVES (US\$m.) | | | | |
| BOJ Net International Reserves (US\$m.)..... | <u>1,685.61</u> | <u>1,124.92</u> | <u>1,080.10</u> | <u>-35.92</u> |
| Gross Foreign Assets..... | 1,740.81 | 1,162.63 | 1,117.65 | -35.80 |
| Gross Foreign Liabilities..... | 55.20 | 37.71 | 37.55 | -31.97 |
| Estimated Gross Reserves in Weeks of Imports..... | <u>28.79</u> | <u>18.23</u> | <u>17.52</u> | |
| Estimated Gross Reserves in Weeks of Goods and Services Imports..... | <u>19.26</u> | <u>12.00</u> | <u>11.54</u> | |
| XV. FOREIGN EXCHANGE DEVELOPMENTS (US\$m.) | | | | |
| Combined Foreign Exchange Trading | | | | |
| Foreign Exchange Purchases (spot)..... | 844.74 | 646.65 | 612.29 | -27.52 |
| Foreign Exchange Sales (spot)..... | 810.63 | 622.75 | 613.78 | -24.28 |
| Foreign Currency Deposit Balances of Authorised Dealers (US\$m.) () | Aug 2002 | July 2003+ | Aug 2003 | |
| Commercial Banks Balances..... | <u>1,046.77</u> | <u>1,181.02</u> | <u>1,223.68</u> | <u>16.90</u> |
| "A" Accounts I/..... | 57.10 | 102.94 | 104.56 | 83.12 |
| Other..... | 989.67 | 1,078.08 | 1,119.12 | 13.08 |
| F.I.As Balance..... | <u>108.35</u> | <u>97.83</u> | <u>115.94</u> | <u>7.01</u> |
| "A" Accounts I/..... | 19.45 | 23.12 | 24.36 | 25.24 |
| Other..... | 88.90 | 74.71 | 91.58 | 3.01 |
| Building Societies Balances..... | <u>160.89</u> | <u>190.39</u> | <u>191.83</u> | <u>19.23</u> |
| "A" Accounts I/..... | 110.11 | 131.68 | 132.63 | 20.45 |
| Other..... | 50.78 | 58.71 | 59.20 | 16.58 |
| Total Foreign Currency Deposits (US\$m.)..... | <u>1,316.01</u> | <u>1,469.24</u> | <u>1,531.45</u> | <u>16.37</u> |
| Total Foreign Currency Loans (US\$m.)..... | <u>501.98</u> | <u>634.77</u> | <u>660.48</u> | <u>31.57</u> |
| Commercial Banks..... | 448.83 | 565.98 | 590.08 | 31.47 |
| F.I. As..... | 38.77 | 56.52 | 58.85 | 51.79 |
| Building Societies..... | 14.38 | 12.27 | 11.55 | -19.68 |
| London Interbank Offer Rate (LIBOR) Eurodollars (%) | Sept 2002 | Aug 2003 | Sept 2003 | |
| 3 months..... | 1.81 | 1.13 | 1.14 | |
| 6 months..... | 1.75 | 1.19 | 1.19 | |
| U.S. Prime Rate (end of period) (%)..... | 4.75 | 4.00 | 4.00 | |
| Selling Exchange Rates (end period) | Sept 2002 | Aug 2003 | Sept 2003 | |
| US\$1.00 = J\$..... | 49.27 | 59.40 | 59.71 | |
| Can. \$1.00 = J\$..... | 31.11 | 42.32 | 43.92 | |
| U.K. Pound = J\$..... | 76.60 | 93.26 | 98.54 | |
| Euro = J\$**..... | 49.20 | 65.87 | 66.84 | |
| Caricom Selling Exchange Rates** | | | | |
| T.T. \$1 = J\$..... | 8.01 | 9.61 | 9.15 | |
| Bdos. \$1 = J\$..... | 24.90 | 29.98 | 28.69 | |
| Guy. \$1 = J\$..... | 0.27 | 0.31 | 0.30 | |
| E.C. \$1 = J\$..... | 18.44 | 22.21 | 21.25 | |

() Exclude deposits in "B" accounts

** Indicative Rates

I/ 'A' Accounts are tax free Foreign Currency Accounts Held by non-residents

+ Revised

INFLATION AUGUST 2003

The All Jamaica Consumer Price Index (CPI) increased by 1.4 per cent in August 2003, in line with the Bank's projection. This outturn brought inflation for the first five months of FY 2003/04 to 9.1 per cent, compared to 3.6 per cent obtained over the same interval in FY 2002/03. For the first eight months of the calendar year, the inflation rate was 8.7 per cent, relative to 4.2 per cent in the comparable period of 2002. The 12 month point-to-point inflation rate as at August 2003 was 11.9 per cent, 5.6 percentage points above the rate recorded in the previous year. The annual average inflation rate at August 2003 was 7.8 per cent, or 0.3 of a percentage points above the rate recorded for August 2002 (Table 1)

The major influences on August's inflation were the seasonal reductions in agricultural supplies and pass through of recent exchange rate depreciation. Additionally, there were impulses from increases in the world prices of commodities such as oil and grains. All the sub-indices of the CPI recorded increases relative to July. The inflation outturn primarily reflected price increases for items in the *Food & Drink*, *Fuels & Other Household Supplies* and *Housing & Other Housing Expenses* sub-indices. Inflation in these sub-indices were 1.4 per cent, 5.1 per cent and 1.7 per cent, contributing 56.8 per cent, 19.2 per cent and 11.8 per cent, respectively, to the overall outturn.

The out-turn in the *Food & Drink* sub-index was influenced primarily by increases of 3.1 per cent and 2.0 per cent in the *Vegetables & Fruits* and *Meals Away from Home* sub-groups, respectively (see Table 2). The rise in the *Vegetables & Fruits* sub-group accounted for 15.1 per cent of the overall inflation. Increases in the prices of tomatoes, cabbages, onions, limes and oranges were primarily responsible for the expansion in this sub-group. The *Meals Away from Home* sub-group was mainly affected by the increased prices of patties, restaurant-prepared meals and drinks. These items as well as others in the *Food & Drink* sub-category were affected by the recent depreciation in the exchange rate, as well as recent revenue measures of central government.

The *Fuels & Other Household Supplies* sub-index was chiefly influenced by an increase in the price of kerosene. The movements in kerosene prices were significant and reflected adjustment in one region. The residual effects from the revenue measures of central government affected other items in this sub-group. Of particular importance were bar soaps, bleach, detergents and batteries.

The upward movement of 1.7 per cent in the *Housing & Other Housing Expenses* sub-category resulted primarily from higher rental charges of 5.4 per cent for residential dwellings and a 3.3 per cent increases in water rates. The movement in the cost of potable water reflects an automatic mechanism whereby these rates adjust for the impact of inflation, the exchange rate and movements in electricity rates. The CPI has the greatest weight in this mechanism and consequently, the significant inflation in the recent past would have impacted the water rates.

At the regional level, the overall CPI increased by 2.1 per cent in the KMA, 0.9 per cent in the Other Towns and 0.8 per cent in the Rural Areas. **The *Fuels & Other Household Supplies* sub-index, which increased by 10.0 per cent in the KMA, 0.9 per cent in the Other Towns and 0.5 per cent in the Rural Areas, mostly influenced this pattern.**

The disparity in this sub-category was particularly evident in the *Fuels* sub-group, which expanded by 17.2 percent in the KMA, and 0.6 per cent and 0.1 per cent in the Other Towns and Rural Areas, respectively. The movement in the KMA resulted from an unusual and isolated increase in the price of kerosene. A similar pattern was also observed in the *Housing & Other Housing Expenses* sub-index wherein the *Rental* sub-group expanded by 6.7 per cent in the KMA while there were negligible movement in the other two regions. Additionally, the *Food & Drink* sub-index on average revealed greater movements in the KMA than in the other regions.

The measure of inflation that excludes agricultural prices (CPI-A) was 1.05 per cent for August. This estimate was 0.35 of a percentage point below the measure in July and 0.83 of a percentage points above that which obtained in August 2002. This index has trended sharply upward since the beginning of the calendar year in tandem with the accelerated depreciation in the exchange rate, particularly in the June quarter. However, since then with the appreciation in the exchange rate, there has been a slight downturn in this trend.

The trimmed mean index, adjusted for the impact of the revenue measures, was estimated to have increased by 0.79 per cent (table 4). This brings core inflation for the fiscal year to date to 4.08 per cent, 2.67 percentage points above that which obtained for the similar interval of 2002. The 12-month point-to-point core inflation rate was 6.9 per cent, 4.01 percentage points above the comparable measure at August 2002. Similarly, the annual average core inflation rate of 4.33 per cent was 0.75 of a percentage point above the rate in the corresponding month of 2002.

Table 1
JAMAICA: INFLATION RATES

| | | 1/ C.P.I. | 3 Month AVG. C.P.I. | Monthly % change | 3 Month* % change | 3 Month # % change | 12 Month* % change | 12 Month # % change |
|-------------|------|--------------|---------------------------|------------------------|-------------------------|--------------------------|-----------------------------|------------------------------|
| 1998 | Mar | 1,115.9 | 1,110.1 | 0.76 | 1.52 | 1.12 | 8.82 | 9.06 |
| | Jun | 1,149.2 | 1,132.7 | 1.79 | 2.98 | 2.04 | 10.14 | 9.21 |
| | Sept | 1,175.8 | 1,170.9 | 0.11 | 2.31 | 3.38 | 8.42 | 9.28 |
| | Dec | 1,185.5 | 1,176.9 | 1.05 | 0.82 | 0.52 | 7.85 | 8.63 |
| 1999 | Jan | 1,189.9 | 1,182.9 | 0.37 | 1.52 | 0.74 | 7.51 | 8.48 |
| | Feb | 1,176.8 | 1,184.1 | -1.10 | 0.31 | 0.88 | 6.26 | 8.30 |
| | Mar | 1,182.5 | 1,183.1 | 0.48 | -0.25 | 0.52 | 5.97 | 8.06 |
| | Apr | 1,179.9 | 1,179.7 | -0.22 | -0.84 | -0.26 | 5.37 | 7.79 |
| | May | 1,190.6 | 1,184.3 | 0.91 | 1.17 | 0.02 | 5.46 | 7.53 |
| | Jun | 1,205.9 | 1,192.1 | 1.29 | 1.98 | 0.77 | 4.93 | 7.10 |
| | Jul | 1,220.4 | 1,205.6 | 1.20 | 3.43 | 2.20 | 4.99 | 6.67 |
| | Aug | 1,234.3 | 1,220.2 | 1.14 | 3.67 | 3.03 | 5.09 | 6.28 |
| | Sept | 1,237.6 | 1,230.7 | 0.27 | 2.63 | 3.24 | 5.26 | 6.02 |
| | Oct | 1,247.5 | 1,239.8 | 0.80 | 2.22 | 2.83 | 6.43 | 5.96 |
| | Nov | 1,259.9 | 1,248.3 | 0.99 | 2.07 | 2.31 | 7.39 | 6.03 |
| | Dec | 1,265.9 | 1,257.7 | 0.48 | 2.29 | 2.19 | 6.78 | 5.95 |
| 2000 | Jan | 1,268.1 | 1,264.6 | 0.17 | 1.65 | 2.00 | 6.57 | 5.88 |
| | Feb | 1,273.1 | 1,269.0 | 0.39 | 1.05 | 1.66 | 8.18 | 6.04 |
| | Mar | 1,281.7 | 1,274.3 | 0.68 | 1.25 | 1.31 | 8.39 | 6.25 |
| | Apr | 1,294.4 | 1,283.0 | 0.99 | 2.07 | 1.46 | 9.70 | 6.61 |
| | May | 1,300.0 | 1,292.0 | 0.43 | 2.11 | 1.81 | 9.19 | 6.92 |
| | Jun | 1,311.4 | 1,301.9 | 0.88 | 2.32 | 2.17 | 8.75 | 7.24 |
| | Jul | 1,324.0 | 1,311.8 | 0.96 | 2.29 | 2.24 | 8.49 | 7.53 |
| | Aug | 1,335.9 | 1,323.7 | 0.90 | 2.76 | 2.46 | 8.23 | 7.79 |
| | Sept | 1,349.3 | 1,336.4 | 1.00 | 2.89 | 2.65 | 9.03 | 8.10 |
| | Oct | 1,351.1 | 1,345.4 | 0.13 | 2.05 | 2.56 | 8.30 | 8.25 |
| | Nov | 1,352.4 | 1,350.9 | 0.10 | 1.24 | 2.05 | 7.34 | 8.25 |
| | Dec | 1,342.6 | 1,348.7 | -0.72 | -0.50 | 0.92 | 6.06 | 8.17 |
| 2001 | Jan | 1,342.9 | 1,345.9 | 0.02 | -0.61 | 0.04 | 5.90 | 8.11 |
| | Feb | 1,358.6 | 1,348.0 | 1.17 | 0.46 | -0.21 | 6.72 | 7.98 |
| | Mar | 1,365.0 | 1,355.5 | 0.47 | 1.67 | 0.50 | 6.50 | 7.82 |
| | Apr | 1,370.8 | 1,364.8 | 0.42 | 2.08 | 1.40 | 5.90 | 7.51 |
| | May | 1,381.1 | 1,372.3 | 0.75 | 1.65 | 1.80 | 6.24 | 7.27 |
| | Jun | 1,404.9 | 1,385.6 | 1.73 | 2.93 | 2.22 | 7.13 | 7.14 |
| | Jul | 1,418.7 | 1,401.6 | 0.98 | 3.50 | 2.70 | 7.15 | 7.03 |
| | Aug | 1,431.1 | 1,418.3 | 0.87 | 3.63 | 3.35 | 7.13 | 6.94 |
| | Sept | 1,442.9 | 1,430.9 | 0.82 | 2.70 | 3.27 | 6.94 | 6.78 |
| | Oct | 1,454.9 | 1,443.0 | 0.83 | 2.55 | 2.95 | 7.68 | 6.73 |
| | Nov | 1,456.2 | 1,451.3 | 0.09 | 1.75 | 2.33 | 7.68 | 6.76 |
| | Dec | 1,460.2 | 1,457.1 | 0.27 | 1.20 | 1.83 | 8.76 | 6.99 |
| 2002 | Jan | 1,468.8 | 1,461.7 | 0.59 | 0.96 | 1.30 | 9.38 | 7.28 |
| | Feb | 1,468.0 | 1,465.6 | -0.05 | 0.81 | 0.99 | 8.05 | 7.39 |
| | Mar | 1,468.5 | 1,468.4 | 0.03 | 0.57 | 0.78 | 7.58 | 7.48 |
| | Apr | 1,475.9 | 1,470.8 | 0.50 | 0.48 | 0.62 | 7.67 | 7.62 |
| | May | 1,480.0 | 1,474.8 | 0.28 | 0.82 | 0.62 | 7.16 | 7.69 |
| | Jun | 1,492.8 | 1,482.9 | 0.86 | 1.65 | 0.99 | 6.25 | 7.61 |
| | Jul | 1,515.6 | 1,496.1 | 1.53 | 2.69 | 1.72 | 6.83 | 7.58 |
| | Aug | 1,521.2 | 1,509.9 | 0.37 | 2.79 | 2.38 | 6.29 | 7.51 |
| | Sept | 1,528.0 | 1,521.6 | 0.45 | 2.36 | 2.61 | 5.90 | 7.41 |
| | Oct | 1,539.2 | 1,529.5 | 0.73 | 1.56 | 2.23 | 5.80 | 7.25 |
| | Nov | 1,558.3 | 1,541.8 | 1.24 | 2.44 | 2.12 | 7.01 | 7.20 |
| | Dec | 1,566.1 | 1,554.5 | 0.50 | 2.49 | 2.16 | 7.25 | 7.08 |
| 2003 | Jan | 1561.3 | 1561.9 | -0.31 | 1.44 | 2.12 | 6.30 | 6.83 |
| | Feb | 1552.2 | 1559.9 | -0.58 | -0.39 | 1.17 | 5.74 | 6.64 |
| | Mar | 1559.5 | 1557.7 | 0.47 | -0.42 | 0.20 | 6.20 | 6.52 |
| | Apr | 1584.0 | 1565.2 | 1.57 | 1.45 | 0.21 | 7.33 | 6.50 |
| | May | 1613.4 | 1585.6 | 1.86 | 3.94 | 1.65 | 9.01 | 6.66 |
| | Jun | 1653.1 | 1616.8 | 2.46 | 6.00 | 3.80 | 10.74 | 7.04 |
| | Jul | 1678.4 | 1648.3 | 1.53 | 5.96 | 5.31 | 10.74 | 7.38 |
| | Aug | 1702.0 | 1677.8 | 1.41 | 5.49 | 5.81 | 11.88 | 7.85 |

1/ January 1998 = 100
Moving average
* Point to point
Source: STATIN

Table 2
COMPONENT CONTRIBUTION TO INFLATION
August 2003

| | Weight in the CPI | Monthly Inflation (%) | Weighted Inflation | % Contribution to Inflation |
|---|------------------------------|--------------------------------------|-------------------------------|--|
| FOOD & DRINK | 0.5563 | 1.4 | 0.7557 | 56.8 |
| Meals away from home | 0.0741 | 2.0 | 0.1491 | 11.2 |
| Meat, Poultry & Fish | 0.1613 | 0.7 | 0.1145 | 8.6 |
| Dairy Products Oils & Fats | 0.0668 | 0.9 | 0.0622 | 4.7 |
| Baked Products, Cereals & Breakfast Drink | 0.0864 | 0.9 | 0.0813 | 6.1 |
| Starchy Foods | 0.0525 | 1.5 | 0.0768 | 5.8 |
| Vegetables & Fruits | 0.0650 | 3.1 | 0.2005 | 15.1 |
| Other Food & Beverages | 0.0502 | 1.4 | 0.0712 | 5.4 |
| FUELS & OTHER HOUSEHOLD SUPPLIES | 0.0735 | 5.1 | 0.2549 | 19.2 |
| Household Supplies | 0.0482 | 1.0 | 0.0475 | 3.6 |
| Fuels | 0.0253 | 8.2 | 0.2073 | 15.6 |
| HOUSING & OTHER HOUSING EXPENSES | 0.0786 | 1.7 | 0.1566 | 11.8 |
| Rental | 0.0209 | 5.4 | 0.1119 | 8.4 |
| Other Housing Expenses | 0.0577 | 0.8 | 0.0446 | 3.4 |
| HOUSEHOLD FURNISHINGS & FURNITURE | 0.0283 | 0.4 | 0.0133 | 1.0 |
| Furniture | 0.0068 | -0.5 | -0.0033 | -0.3 |
| Furnishings | 0.0215 | 0.8 | 0.0166 | 1.2 |
| HEALTHCARE & PERSONAL EXPENSES | 0.0697 | 1.0 | 0.0707 | 5.3 |
| PERSONAL CLOTHING FOOTWEAR & ACCESSORIES | 0.0507 | 0.5 | 0.0258 | 1.9 |
| Clothing Materials | 0.0055 | 0.0 | 0.0002 | 0.0 |
| Ready-made Clothing & Accessories | 0.0242 | 0.4 | 0.0099 | 0.7 |
| Footwear | 0.0159 | 1.0 | 0.0155 | 1.2 |
| Making & Repairs | 0.0051 | 0.2 | 0.0011 | 0.1 |
| TRANSPORTATION | 0.0644 | 0.3 | 0.0167 | 1.3 |
| MISCELLANEOUS EXPENSES | 0.0785 | 0.5 | 0.0369 | 2.8 |
| ALL GROUPS | 1.0000 | 1.41 | 1.33 | 100.0 |

Table 3
REGIONAL INFLATION
August 2003

| | KMA (%) | Other Towns (%) | Rural (%) |
|---|--------------------|--------------------------------|----------------------|
| FOOD & DRINK | 1.8 | 1.3 | 1.0 |
| Meals away from home | 3.3 | 1.1 | 0.2 |
| Meat Poultry & Fish | 0.8 | 1.1 | 0.4 |
| Dairy Products Oils & Fats | 1.1 | 1.0 | 0.8 |
| Baked Products Cereals & Breakfast Drink | 1.2 | 0.8 | 0.8 |
| Starchy Foods | 0.5 | 2.6 | 1.5 |
| Vegetables & Fruits | 4.1 | 2.5 | 2.2 |
| Other Food & Beverages | 1.8 | 0.6 | 1.4 |
| FUELS & OTHER HOUSEHOLD SUPPLIES | 10.0 | 0.9 | 0.5 |
| Household Supplies | 0.9 | 1.3 | 1.0 |
| Fuels | 17.2 | 0.6 | 0.1 |
| HOUSING & OTHER HOUSING EXPENSES | 2.6 | 0.6 | 0.4 |
| Rental | 6.7 | 0.1 | 0.1 |
| Other Housing Expenses | 1.0 | 0.6 | 0.4 |
| HOUSEHOLD FURNISHINGS & FURNITURE | 0.8 | 0.2 | 0.1 |
| Furniture | 0.3 | -0.9 | -0.8 |
| Furnishings | 1.0 | 0.8 | 0.5 |
| HEALTHCARE & PERSONAL EXPENSES | 1.1 | 0.8 | 1.0 |
| PERSONAL CLOTHING FOOTWEAR & ACCESSORIES | 0.5 | 0.4 | 0.6 |
| Clothing Materials | 0.0 | 0.0 | 0.2 |
| Readymade Clothing & Accessories | 0.2 | 0.3 | 0.5 |
| Footwear | 1.0 | 0.6 | 1.1 |
| Making & Repairs | 0.4 | 0.1 | 0.0 |
| TRANSPORTATION | 0.0 | 0.4 | 0.5 |
| MISCELLANEOUS EXPENSES | 0.6 | 0.5 | 0.3 |
| ALL GROUPS | 2.1 | 0.9 | 0.8 |

Table 4
INFLATION: ACTUAL & CORE

| | Monthly | | Fiscal Year to Date | | 12-Mth Core | |
|----------------|---------|------|---------------------|------|-------------|---------|
| | Actual | Core | Actual | Core | Pt to Pt | Average |
| 2000/01 | | | | | | |
| Apr | 0.99 | 0.50 | 0.99 | 0.50 | 4.52 | 3.24 |
| May | 0.43 | 0.27 | 1.43 | 0.77 | 4.38 | 3.39 |
| Jun | 0.88 | 0.34 | 2.32 | 1.11 | 4.27 | 3.53 |
| Jul | 0.96 | 0.29 | 3.30 | 1.40 | 3.91 | 3.62 |
| Aug | 0.90 | 0.52 | 4.23 | 1.92 | 3.87 | 3.69 |
| Sept | 1.00 | 0.42 | 5.27 | 2.35 | 4.13 | 3.79 |
| Oct | 0.13 | 0.37 | 5.41 | 2.72 | 4.27 | 3.89 |
| Nov | 0.10 | 0.28 | 5.52 | 3.01 | 4.23 | 3.97 |
| Dec | -0.72 | 0.16 | 4.75 | 3.18 | 4.03 | 4.03 |
| Jan | 0.02 | 0.13 | 4.77 | 3.31 | 4.05 | 4.12 |
| Feb | 1.17 | 0.85 | 6.00 | 4.19 | 4.55 | 4.18 |
| Mar | 0.47 | 0.22 | 6.50 | 4.41 | 4.41 | 4.22 |
| 2001/02 | | | | | | |
| Apr | 0.42 | 0.14 | 0.42 | 0.14 | 4.04 | 4.18 |
| May | 0.75 | 0.50 | 1.18 | 0.65 | 4.29 | 4.17 |
| June | 1.73 | 0.35 | 2.93 | 1.00 | 4.30 | 4.17 |
| July | 0.98 | 0.44 | 3.94 | 1.44 | 4.46 | 4.22 |
| Aug | 0.87 | 0.39 | 4.85 | 1.84 | 4.33 | 4.26 |
| Sept | 0.82 | 0.28 | 5.71 | 2.12 | 4.18 | 4.26 |
| Oct | 0.83 | 0.34 | 6.59 | 2.46 | 4.15 | 4.25 |
| Nov | 0.09 | 0.15 | 6.68 | 2.61 | 4.01 | 4.23 |
| Dec | 0.27 | 0.13 | 6.97 | 2.75 | 3.98 | 4.23 |
| Jan | 0.59 | 0.35 | 7.60 | 3.11 | 4.22 | 4.24 |
| Feb | -0.05 | 0.15 | 7.55 | 3.26 | 3.49 | 4.15 |
| Mar | 0.03 | 0.06 | 7.58 | 3.32 | 3.32 | 4.06 |
| 2002/03 | | | | | | |
| Apr | 0.50 | 0.28 | 0.50 | 0.28 | 3.46 | 4.01 |
| May | 0.28 | 0.19 | 0.78 | 0.47 | 3.14 | 3.91 |
| June | 0.86 | 0.39 | 1.65 | 0.86 | 3.18 | 3.82 |
| July | 1.53 | 0.30 | 3.21 | 1.16 | 3.04 | 3.70 |
| Aug | 0.37 | 0.24 | 3.59 | 1.41 | 2.89 | 3.58 |
| Sept | 0.45 | 0.21 | 4.05 | 1.62 | 2.82 | 3.47 |
| Oct | 0.73 | 0.28 | 4.82 | 1.90 | 2.76 | 3.35 |
| Nov | 1.24 | 0.55 | 6.12 | 2.47 | 3.18 | 3.29 |
| Dec | 0.50 | 0.34 | 6.65 | 2.82 | 3.39 | 3.24 |
| Jan | -0.31 | 0.37 | 6.32 | 3.20 | 3.41 | 3.17 |
| Feb | -0.58 | 0.38 | 5.70 | 3.59 | 3.65 | 3.19 |
| Mar | 0.47 | 0.54 | 6.20 | 4.15 | 4.15 | 3.26 |
| 2003/04 | | | | | | |
| Apr | 1.57 | 0.65 | 1.57 | 0.65 | 4.54 | 3.35 |
| May | 1.86 | 0.73 | 3.46 | 1.38 | 5.09 | 3.51 |
| June | 2.46 | 0.91 | 6.00 | 2.30 | 5.64 | 3.72 |
| July | 1.53 | 0.94 | 7.62 | 3.27 | 6.31 | 3.99 |
| Aug | 1.41 | 0.79 | 9.14 | 4.08 | 6.90 | 4.33 |

JAMAICA:
BALANCE OF PAYMENTS DEVELOPMENTS
March 2003 & April 2002 to March 2003

March 2003

The current account of the balance of payments recorded a deficit of US\$9.7MN in **March 2003**, relative to the deficit of US\$36.1MN in March 2002. The improvement for the review month reflected increases of US\$27.5MN and US\$4.1MN in net receipts from services and current transfers, respectively, as well as a US\$3.7MN reduction in the deficit on the income sub-account. This outturn was partly offset by an expansion of US\$8.9MN in the deficit on the trade account. Within the financial account, net private investment inflows were more than sufficient to finance net official investment outflows, as well as the deficits on the current and capital accounts. Consequently, there was a build-up of US\$86.7 million in the net international reserves of the Bank of Jamaica during the month.

Merchandise Trade

The widening of the deficit on the merchandise trade account reflected a contraction of US\$9.7MN in the value of exports (f.o.b.), which was partially countered by a reduction of US\$0.8MN in payments for imports. The reduction in export earnings reflected respective declines of US\$5.5MN, US\$4.1MN and US\$2.5MN in the values of non-traditional, free zone and major traditional exports, which were partially offset by increases of US\$1.4MN and US\$0.9MN in receipts from re-exports and other traditional exports. The contraction in non-traditional and free zone exports was mainly attributed to declines in chemicals and garment exports while major traditional exports were affected by lower earnings from both sugar and bauxite exports, influenced by declines in export volumes. In contrast, the other-traditional export category reflected improved earnings for coffee, cocoa, citrus and rum exports. The reduction in imports reflected declines of US\$3.7MN and US\$2.1MN in the values (c.i.f.) of capital and consumer goods, respectively, partly countered by respective increases of US\$3.2MN and US\$0.6MN in the c.i.f. values of free zone and raw material imports. The lower expenditure on capital goods imports was primarily attributed to the non-repetition of spending on "marine propelled" turbines and gas generators, which were purchased in March 2002, while reduced imports of cellular telephones were primarily responsible for the fall in consumer goods imports. The growth in raw material imports was influenced by an increase of US\$9.0MN in the value of fuel imports, which was almost offset by a contraction of US\$8.4MN in the value of other raw material imports, associated with the non-repetition of the purchase of aircraft parts in March 2002.

Services

The increase in the surplus on the services account stemmed mainly from an expansion of US\$21.2MN in net receipts from the travel sub-sector. Contributing to this outturn was an increase of 23.1 per cent in total visitor arrivals, largely driven by a 61.9 per cent expansion in cruise passenger arrivals for the month, relative to March 2002. In addition, there was a reduction of US\$10.8MN in the expenditure of Jamaicans travelling abroad.

Income

The narrowing in the deficit on the income account in March 2003 was attributable to a reduction in the imputed profit remittances of the direct investment companies, which was partly offset by higher interest payments on Government of Jamaica external debt.

Current Transfers

The growth in net current transfers for the review month stemmed from an increase of US\$5.4MN in net private sector inflows.

Capital & Financial Accounts

A deficit of US\$1.8MN was recorded on the capital account, in contrast to a surplus of US\$11.5MN on the financial account. Within the financial account, net private investment inflows of US\$109.9MN were more than sufficient to finance net official investment outflows of US\$11.7MN, as well as the deficits on the current and capital accounts. In this context, the net international reserves of the Bank of Jamaica went up by US\$86.7MN during the month.

Fiscal Year (FY) 2002/03

For the fiscal period April 2002 to March 2003, the current account deficit amounted to US\$1181.5MN, compared with a deficit of US\$763.9MN recorded for FY 2001/02. This out-turn reflected expansions of US\$421.1MN and US\$167.4MN in the deficits on the trade and income sub-accounts, respectively. These were partly offset by respective improvements of US\$138.9MN and US\$32.0MN in the surpluses on the current transfers and services sub-accounts respectively. Within the financial account, net private investment inflows were insufficient to finance official capital outflows, as well as the deficits on the current and capital accounts. Consequently, there was a draw down of US\$602.0 million in the net international reserves over the period.

Merchandise Trade

The increase in the merchandise trade deficit in the review period, relative to FY 2001/02, stemmed from a reduction of US\$120.9MN in export receipts, as well as an increase of US\$300.2MN in payments for imports (f.o.b.). With the exception of other traditional exports, which increased by US\$2.6 MN, all the export categories registered declines during the review period. Non-traditional and free zone exports contracted by US\$63.4MN and US\$37.4MN, respectively, largely reflecting reductions in earnings from garment exports. There were also declines of US\$18.0MN, US\$4.2MN and US\$0.5MN in the values of major traditional exports, goods procured in ports and re-exports, respectively, for the review period. The fall in major traditional exports reflected reductions in all components, with the exception of bauxite exports. In particular, the value of alumina fell by US\$15.2MN, due to a fall in price.

With regard to the expansion in imports, increased spending of US\$157.7MN, US\$113.7MN and US\$108.9MN on raw materials, consumer goods and capital goods, respectively, were partly offset by a contraction of US\$42.0MN in the value of free zone imports in F/Y 2002/03, compared with F/Y 2001/2002. The growth in raw material imports was associated with a higher value for fuel imports, while the increase in consumer goods imports stemmed from additional spending on mobile telephones, food and motorcars. The expansion in capital goods imports reflected higher spending on communication, transport and construction equipment.

Services

The improvement in the surplus on the services account in F/Y 2002/03 relative to the period April 2001 to March 2002 was influenced by an increase of US\$68.2MN in net receipts from travel and a reduction of US\$12.5MN in the deficit on the transportation sub-account. Partly countering this change was an expansion of US\$48.7MN in net payments for other services. The higher receipts from the travel sector were mainly attributed to an expansion of US\$85.3MN in gross travel inflows, reflecting expansions of 4.4 per cent and 23.7 percent in foreign national stopover and cruise arrivals, respectively, relative to FY 2001/02.

Growth in net payments for other services was associated largely with higher travel commissions, as well as increases in insurance premiums and payments for communication services. Transportation services were influenced by an improvement in visitor arrivals, which was partially offset by higher freight charges due to increased imports during the review period.

Income

The expansion in the deficit on the income account for the review period was mainly attributable to an increase in the imputed profit remittances of the direct investment companies, as well as higher interest payments on Government of Jamaica external debt.

Current Transfers

The increase in net receipts from current transfers for F/Y 2002/03 when compared to FY2001/02, resulted from growth of US\$151.3MN in net inflows to the private sector, which was partly offset by a decline of US\$12.4MN in net official transfers.

Capital & Financial Accounts

A deficit of US\$16.3MN was recorded on the capital account for April 2002 to March 2003, while the financial account registered a surplus of US\$1197.8MN. Within the financial account, net private investment inflows of US\$822.4MN were insufficient to finance net official outflows of US\$226.5MN, as well as the deficits on the current and capital accounts. Consequently, there was a draw down of US\$602.0MN in the net international reserves of the Bank of Jamaica. At the end of March 2003, the level of gross reserves was US\$1,382.2MN, representing approximately 21.8 weeks of imports of goods and 14.5 weeks of imports of goods and services.

The following table shows the balance of payments for March 2002, March 2003 and for the periods April 2001 to March 2002 and April 2002 to March 2003.

BALANCE OF PAYMENTS SUMMARY (US\$M)

| | Mar ^{1/} | Mar ^{2/} | | Apr 2001- Mar ^{1/} | Apr 2002-Mar ^{2/} | |
|--|-------------------|-------------------|--------------|-----------------------------|----------------------------|---------------|
| | 2002 | 2003 | Change | 2002 | 2003 | Change |
| 1. CURRENT ACCOUNT | -36.1 | -9.7 | 26.4 | -763.9 | -1181.5 | -417.6 |
| A. GOODS and SERVICES | -77.4 | -58.8 | 18.6 | -1265.0 | -1654.1 | -389.1 |
| a. GOODS BALANCE | -118.2 | -127.1 | -8.9 | -1577.3 | -1988.4 | -421.1 |
| Exports (f.o.b.) | 131.5 | 121.8 | -9.7 | 1423.7 | 1302.8 | -120.9 |
| Imports (f.o.b.) | 249.7 | 248.9 | -0.8 | 3001.9 | 3301.2 | 300.2 |
| b. SERVICES BALANCE | 40.8 | 68.3 | 27.5 | 312.3 | 344.3 | 32.0 |
| Transportation | -15.2 | -8.7 | 6.5 | -253.7 | -241.2 | 12.5 |
| Travel | 93.6 | 114.8 | 21.2 | 955.6 | 1023.8 | 68.2 |
| Other Services | -37.6 | -37.8 | -0.2 | -389.6 | -438.3 | -48.7 |
| B. INCOME | -46.3 | -42.6 | 3.7 | -457.6 | -625.0 | -167.4 |
| Compensation of employees | 0.1 | 0.3 | 0.2 | 73.4 | 84.0 | 10.6 |
| Investment Income | -46.4 | -42.9 | 3.5 | -531.0 | -709.0 | -178.0 |
| C. CURRENT TRANSFERS | 87.6 | 91.7 | 4.1 | 958.7 | 1097.6 | 138.9 |
| Official | 8.6 | 7.3 | -1.3 | 116.5 | 104.1 | -12.4 |
| Private | 79.0 | 84.4 | 5.4 | 842.2 | 993.5 | 151.3 |
| 2. CAPITAL & FINANCIAL ACCOUNT | 36.1 | 9.7 | -26.4 | 763.9 | 1181.5 | 417.6 |
| A. CAPITAL ACCOUNT | -2.1 | -1.8 | 0.3 | -24.2 | -16.3 | 7.9 |
| a. Capital Transfers | -2.1 | -1.8 | 0.3 | -24.2 | -16.3 | 7.9 |
| Official | 0.0 | 0.0 | 0.0 | 0.4 | 0.2 | -0.2 |
| Private | -2.1 | -1.8 | 0.3 | -24.6 | -16.5 | 8.1 |
| b. Acq/disposal of non-prod. Non-fin'l assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| B. FINANCIAL ACCOUNT | 38.2 | 11.5 | -26.7 | 788.1 | 1197.8 | 409.7 |
| Other official investment | 40.5 | -11.7 | -52.2 | 590.5 | -226.5 | -817.0 |
| Other private investment ^{3/} | 118.5 | 109.9 | -8.6 | 853.0 | 822.3 | -30.6 |
| Change in Reserves (minus = increase) | -120.8 | -86.7 | | -655.4 | 602.0 | |

^{1/} Revised

^{2/} Provisional

^{3/} Includes errors & omissions

BANK OF JAMAICA

01 October 2003