



ECONOMIC STATISTICS

VOLUME 14 - NO. 10

OCTOBER 2004



SELECTED ECONOMIC INDICATORS

Figure 1

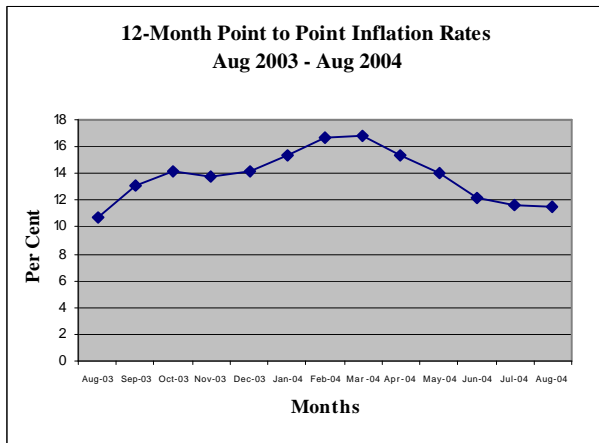


Figure 2

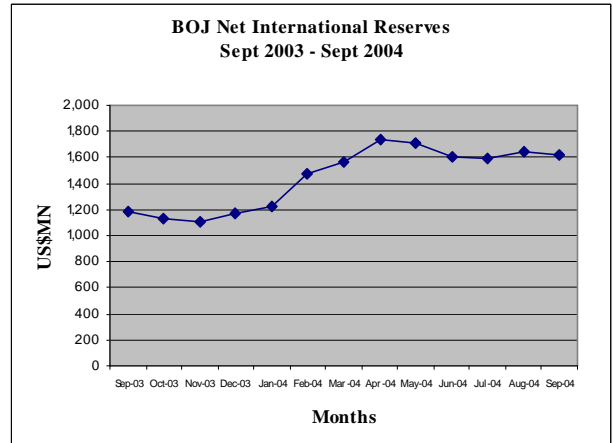


Figure 3

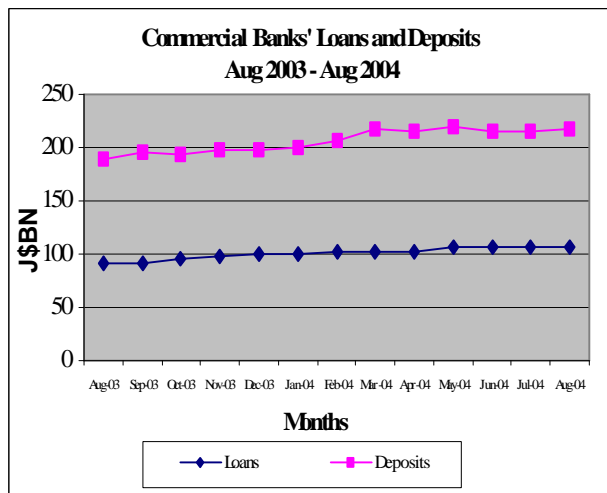


Figure 4

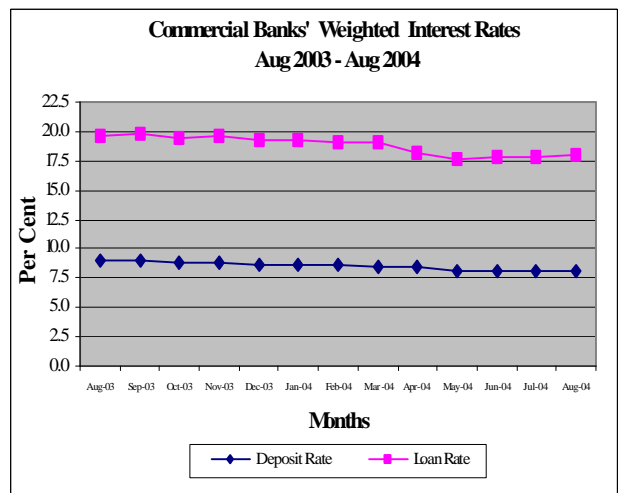


Figure 5

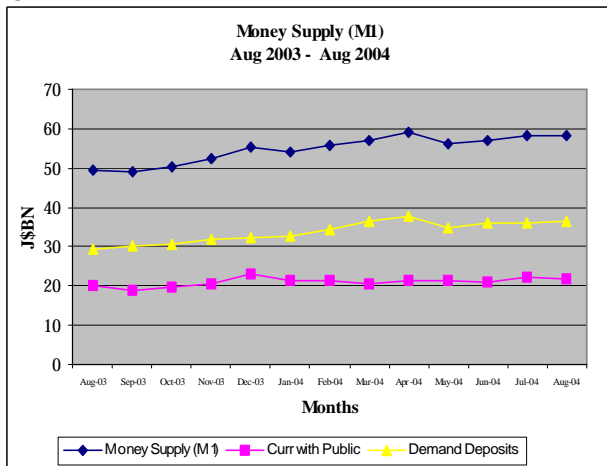
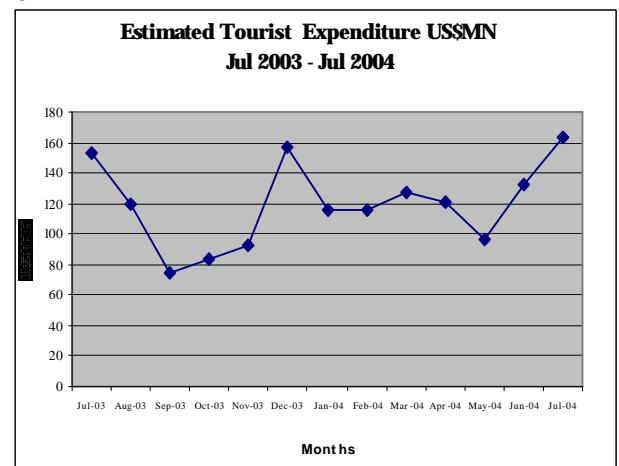


Figure 6



1. MONETARY AGGREGATES (J\$mn.)				%
	Aug 2003	Jul 2004	Aug 2004	Change p.a.
Local and Foreign Currency				
Money Supply (M1).....	<u>49,361.04</u>	<u>58,098.43</u>	<u>58,234.56</u>	<u>17.98</u>
(a) Currency with the Public.....	19,981.07	22,259.81	21,602.77	8.12
(b) Demand Deposits (adj.)***.....	29,379.97	35,838.62	36,631.79	24.68
Quasi-Money.....	<u>121,814.81</u>	<u>137,475.77</u>	<u>138,977.53</u>	<u>14.09</u>
(a) Time.....	31,436.67	34,841.87	35,976.95	14.44
(b) Savings.....	90,378.14	102,633.90	103,000.58	13.97
Money Supply (M2).....	<u>171,175.85</u>	<u>195,574.20</u>	<u>197,212.09</u>	<u>15.21</u>
Domestic Credit (net).....	<u>205,015.56</u>	<u>215,368.40</u>	<u>216,156.99</u>	<u>5.43</u>
Local Currency				
Money Supply (M1).....	<u>40,517.14</u>	<u>47,815.51</u>	<u>47,884.60</u>	<u>18.18</u>
(a) Currency with the Public.....	19,981.07	22,259.81	21,602.77	8.12
(b) Demand Deposits (adj.)***.....	20,536.07	25,555.70	26,281.83	27.98
Quasi-Money.....	<u>75,120.21</u>	<u>82,496.62</u>	<u>82,831.12</u>	<u>10.26</u>
(a) Time.....	18,023.14	18,880.86	19,609.97	8.80
(b) Savings.....	57,097.07	63,615.76	63,221.15	10.73
Money Supply (M2).....	<u>115,637.35</u>	<u>130,312.13</u>	<u>130,715.72</u>	<u>13.04</u>
Domestic Credit (net).....	<u>179,200.59</u>	<u>181,456.19</u>	<u>182,923.26</u>	<u>2.08</u>
	Sept 2003	Aug 2004	Sept 2004	
Base Money.....	<u>32,622.60</u>	<u>38,022.43</u>	<u>38,390.93</u>	<u>17.68</u>
II. COMMERCIAL BANKS (J\$mn.)				
Assets & Liabilities (J\$mn.)**.....	<u>303,379.55</u>	<u>326,828.50</u>	<u>326,700.76</u>	<u>7.69</u>
Loans**.....	<u>92,012.42</u>	<u>106,898.05</u>	<u>107,229.67</u>	<u>16.54</u>
Agriculture.....	1,588.74	1,354.90	1,339.95	-15.66
Manufacturing.....	3,833.81	3,256.76	3,111.48	-18.84
Construction & Land Development.....	5,396.55	7,845.68	7,958.14	47.47
Mining.....	324.35	185.58	187.45	-42.21
Tourism.....	10,471.60	13,994.71	13,823.07	32.01
Transport, Storage & Communication.....	8,192.55	8,237.39	8,237.83	0.55
Consumer-Oriented.....	33,209.37	42,909.87	43,743.61	31.72
Government Services.....	27,426.70	27,804.39	27,351.33	-0.27
Other.....	1,568.75	1,308.77	1,476.81	-5.86
DEPOSITS.....	<u>190,174.47</u>	<u>216,036.57</u>	<u>217,277.86</u>	<u>14.25</u>
Private Sector (including overseas residents).....	<u>164,054.00</u>	<u>188,318.83</u>	<u>190,788.26</u>	<u>16.30</u>
Time.....	36,843.13	42,916.11	43,503.41	18.08
Savings.....	97,184.75	110,132.97	110,454.88	13.65
Demand.....	30,026.12	35,269.75	36,829.97	22.66
Government.....	<u>11,923.91</u>	<u>14,347.59</u>	<u>13,246.90</u>	<u>11.10</u>
Time.....	553.13	336.86	302.28	-45.35
Savings.....	1,520.26	1,421.39	1,443.38	-5.06
Demand.....	9,850.52	12,589.34	11,501.24	16.76
Public Entities.....	<u>7,979.79</u>	<u>7,320.71</u>	<u>7,189.72</u>	<u>-9.90</u>
Time.....	4,874.30	4,291.95	4,750.07	-2.55
Savings.....	1,917.23	1,421.29	1,140.44	-40.52
Demand.....	1,188.26	1,607.47	1,299.21	9.34

** 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)	Aug 2003	Jul 2004	Aug 2004		Change p.a.
Spec. & O. F. Insts.....	<u>6,216.77</u>	<u>6,049.44</u>	<u>6,052.98</u>		<u>-2.63</u>
Time.....	1,933.22	975.07	854.16		-55.82
Savings.....	755.11	574.36	791.41		4.81
Demand.....	3,528.44	4,500.01	4,407.41		24.91
	Sept 2003	Aug 2004	Sept 2004		
Current Account Balances with BOJ (J\$mn).....	<u>265.67</u>	<u>549.58</u>	<u>133.08</u>		
LIQUIDITY (Average) %	Aug 2003	Jul 2004	Aug 2004		
Actual Liquid Assets Ratio.....	<u>33.54</u>	<u>38.82</u>	<u>39.63</u>		
Cash.....	2.22	2.40	2.87		
Deposits with B.O.J.....	9.14	9.12	9.52		
Treasury Bills.....	0.42	0.99	0.95		
Local Registered Stocks.....	10.43	7.53	7.22		
Other.....	11.33	18.78	19.07		
Statutory Requirement.....	<u>23.00</u>	<u>23.00</u>	<u>23.00</u>		
III. SELECTED INTEREST RATES (%)					
COMMERCIAL BANKS (Domestic Currency)	Sept 2003	Aug 2004	Sept 2004		
Fixed Deposits (J\$100,000 & over)					
3-6 months.....	8.50-13.25	8.50-13.25	8.50-13.25		
9-12 months.....	8.50-13.50	8.50-13.50	8.50-13.50		
Call Deposits.....	1.00-64.00	1.00-25.00	4.00-12.00		
Average Savings Deposits	8.43	8.06	8.06		
Average Loan Rate.....	25.60	25.10	24.95		
Average Inter-bank Rate	17.01	10.90	8.38		
	Aug 2003	Jul 2004	Aug 2004		
Weighted Fixed Deposits Rate.....	9.03	8.09	8.03		
Weighted Loan Rate.....	19.70	17.84	17.92		
G.O.J. Treasury Bills (Weighted Average) Yield	Sept 2003	Aug 2004	Sept 2004		
2 Months:.....	-	-	-		
3 Months:.....	-	-	14.41		
6 Months:.....	23.42	-	14.80		
9 Months:.....	23.87	-	-		
12 Months:.....	-	16.36	-		
	Sept 2003	Aug 2004	Sept 2004		
BOJ Reverse Repurchase Rates (%)					
30-Day	15.00	14.20	14.00		
60-Day	15.30	14.30	14.10		
90-Day	18.00	14.40	14.20		
120-Day	21.00	14.55	14.35		
180-Day	23.50	15.05	14.80		
270-Day	23.75	15.65	15.35		
365-Day	24.00	16.40	16.00		
COMMERCIAL BANKS (Foreign Currency)	Sept 2003	Aug 2004	Sept 2004		
Fixed Deposits (Under US\$100,000)					
1-3 months.....	2.00-4.50	1.00-4.50	1.00-4.50		
3-6 months.....	2.00-4.55	1.25-4.55	1.25-4.55		
6-12 months.....	2.00-6.00	1.50-6.00	1.50-6.00		
Fixed Deposits (US\$100,000 & Over)					
1-3 months.....	3.25-4.75	2.00-4.75	2.00-4.75		
3-6 months.....	3.25-4.85	2.25-4.85	2.25-4.85		
6-12 months.....	3.50-6.25	2.50-6.25	2.50-6.25		
Average Loan Rates	12.15	12.50	12.50		
Average Savings	2.66	2.69	2.69		

				% Change p.a.
IV. SECURITIES (J\$mn.) (outstanding balances)	Aug 2003	Jul 2004	Aug 2004	
GOJ Local Registered Stock.....	234,546.69	225,881.70	223,806.93	-4.58
	Sept 2003	Aug 2004	Sept 2004	
BOJ Open Market Operations 1/.....	83,700.27	125,321.90	127,629.31	52.48
GOJ Treasury Bills.....	2,400.00	3,750.00	3,750.00	56.25
V. INSTALMENT CREDIT (J\$mn.) (Banks & Near-Banks)	Aug 2003	Jul 2004	Aug 2004*	
Total Credit Outstanding.....	8,716.28	11,033.04	11,245.92	29.02
New Business.....	678.21	917.58	912.89	34.60
VI. NEAR-BANKS (J\$mn.) (Merchant Banks, Trust Com. & Finance Houses)	Aug 2003	Jul 2004	Aug 2004	
Assets/Liabilities.....	43,325.87	44,046.03	44,345.39	2.35
Loans Outstanding.....	5,395.86	6,209.99	5,684.20	5.34
Total Deposits.....	6,723.70	9,587.46	9,828.77	46.18
Loans.....	<u>5,395.86</u>	<u>6,209.99</u>	<u>5,684.20</u>	<u>5.34</u>
Agriculture.....	85.09	56.50	59.33	-30.27
Manufacturing.....	270.90	252.54	251.41	-7.19
Construction & Land Development.....	740.07	916.77	954.39	28.96
Mining, Quarrying & Processing.....	75.38	11.26	22.50	-70.15
Tourism.....	417.29	401.23	407.29	-2.40
Transport, Storage & Communication.....	13.13	381.49	391.99	2,885.45
Consumer Oriented.....	2,611.11	2,976.42	2,987.68	14.42
Government Services.....	984.76	995.92	382.59	-61.15
Other.....	198.13	217.86	227.02	14.58
	Aug 2003	Jul 2004	Aug 2004	
Liquid Assets Ratio (average) %.....	67.06	38.72	81.36	
Statutory Requirement.....	23.00	23.00	23.00	
VII. BUILDING SOCIETIES (J\$mn.) (members & associate members)	Aug 2003	Jul 2004	Aug 2004	
Assets/Liabilities.....	60,486.42	74,870.36	76,393.50	26.30
Loan Balances.....	22,605.34	26,409.66	26,915.79	19.07
Savings Funds.....	45,905.54	54,586.92	55,222.72	20.30
VIII. INFLATION	Aug 2003	Jul 2004	Aug 2004	
Consumer Price Index (Jan. 1988 = 100).....	1,702.0	1,872.8	1,897.3	11.47
Monthly Rate (%).....	1.4	1.0	1.3	
Calendar Year to Date (%) (point to point).....	8.7	4.8	6.2	
Fiscal Year to Date (%) (point to point).....	9.1	2.9	4.2	
IX. ACTUAL PRODUCTION ('000)	Aug 2003	Jul 2004	Aug 2004	
Bauxite (metric tonnes).....	374.68	307.62	334.08	-10.84
Alumina (metric tonnes).....	306.09	349.94	327.39	6.96
Sugar (metric tonnes).....	-	2.82	0.88	-
Banana (tonnes).....	3.69	3.78	2.97	-19.51
X. STOCK MARKET ACTIVITIES	Sept 2003	Aug 2004	Sept 2004	
Index.....	57,769.13	97,267.57	99,819.82	72.79
Volume Traded (mn.).....	166.37	134.43	129.99	-21.87
Ordinary Shares.....	149.17	129.43	129.99	-12.86
Block Transactions.....	17.20	5.00	-	-

4 1/ BOJ Open Market Operations include Reverse Repurchases

- No Production/ Issue

* Provisional

	Sept. 2003	Aug 2004	Sept. 2004	% Change p.a.
X. STOCK MARKET ACTIVITIES (cont'd)				
Value of Stocks Traded (J\$mn.).....	1,017.91	1,561.08	1,825.11	79.30
Ordinary Shares.....	968.14	1,554.18	1,825.11	88.52
Block Transactions.....	49.77	6.90	-	-
Advance/Decline Ratio.....	19/11	16/20	20/13	
XI. EXTERNAL TRADE (US\$mn.)	Jan 2003	Jan 2004	Change	
1. EXPORTS				
a) Major Traditional Exports.....	<u>62.26</u>	<u>78.84</u>	<u>16.58</u>	
Bauxite.....	6.25	9.21	2.96	
Alumina.....	54.56	67.98	13.42	
Sugar.....	0	0	-	
Bananas.....	1.45	1.65	0.20	
b) Other Traditional Exports.....	4.03	4.29	0.26	
c) Non-Traditional Exports.....	16.41	25.74	9.33	
d) Re-exports.....	1.51	2.46	0.95	
General Merchandise Exports.....	<u>84.21</u>	<u>111.33</u>	<u>27.12</u>	
(e) Freezone Exports.....	12.18	11.46	-0.72	
(f) Goods Procured in Ports.....	2.50	4.00	1.50	
Total Goods Exports.....	<u>98.89</u>	<u>126.79</u>	<u>27.90</u>	
2. IMPORTS				
(a) Consumer Goods.....	97.39	84.98	-12.41	
(b) Raw Materials.....	229.64	155.60	-74.04	
(c) Capital Goods.....	53.19	47.17	-6.02	
General Merchandise Imports.....	<u>380.22</u>	<u>287.75</u>	<u>-92.47</u>	
(d) Freezone Imports.....	2.25	5.17	2.92	
(e) Goods Procured in Ports.....	3.20	6.40	3.20	
Total Goods Imports.....	<u>385.67</u>	<u>299.32</u>	<u>-86.35</u>	
Trade Balance.....	<u>-286.78</u>	<u>-172.53</u>	<u>114.25</u>	
Memo:				
Caricom Exports.....	3.03	3.03	-	
Caricom Imports.....	41.44	28.91	-12.53	
Caricom Trade Balance.....	<u>-38.41</u>	<u>-25.88</u>	<u>12.53</u>	
XII. TOURISM	Jan-Jul 2003	Jan-Jul 2004	% Change	
Tourist Arrivals ('000).....	<u>1,507.97</u>	<u>1,590.63</u>	<u>5.48</u>	
Stop Overs.....	822.35	902.57	9.75	
Foreign Nationals.....	774.52	853.98	10.26	
Non-Resident Jamaicans.....	47.83	48.59	1.59	
Cruise.....	685.37	688.06	0.39	
Armed Forces.....	0.25	-	-	
Estimated Expenditure (US\$mn.).....	<u>806.50</u>	<u>872.80</u>	<u>8.22</u>	
XIII. BALANCE OF PAYMENTS (US\$mn.)				
<i>Balance of Payments (Calendar)</i>	Jan 2003	Jan 2004	Change	
1. Current Account.....	<u>-147.2</u>	<u>-43.2</u>	<u>104.1</u>	
A. Goods balance.....	<u>-235.2</u>	<u>-141.3</u>	<u>94.0</u>	
Exports (f.o.b.).....	100.4	126.8	26.4	
Imports (f.o.b.).....	335.6	268.1	-67.6	
B. Service Balance.....	<u>40.7</u>	<u>52.7</u>	<u>11.9</u>	
Transportation.....	-19.1	-8.2	10.9	
Travel.....	90.4	93.4	3.0	
Other Services.....	-30.6	-32.5	-2.0	

Balance of Payments (Calendar) (Cont'd)

	Jan 2003	Jan 2004	Change
C. Income.....	<u>-46.6</u>	<u>-55.0</u>	<u>-8.4</u>
Compensation of Employees.....	3.3	4.4	1.1
Investment Income.....	-49.9	-59.4	-9.5
D. Current Transfers.....	<u>93.9</u>	<u>100.4</u>	<u>6.5</u>
Official.....	8.4	7.1	-1.3
Private.....	85.5	93.3	7.8
2. Capital and Financial Account.....	<u>147.2</u>	<u>43.2</u>	<u>-104.1</u>
A. Capital Account.....	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>
Capital Transfers.....	0.0	<u>0.1</u>	<u>0.1</u>
Official.....	0.1	0.1	0.0
Private.....	-0.1	0.0	0.1
Acq./Disp. of non-produced non-fin. assets....	0.0	0.0	0.0
B. Financial Account.....	<u>147.2</u>	<u>43.1</u>	<u>-104.2</u>
Other Official Investment.....	-12.8	-18.6	-5.8
Other Private Investment.....	73.3	116.3	43.0
<i>(incl. errors & omissions)</i>			
Reserves.....	<u>86.7</u>	<u>-54.7</u>	
	Apr-Jan	Apr-Jan	
Balance of Payments (Fiscal)	2002/2003	2003/2004	
1. Current Account.....	<u>-1,063.9</u>	<u>-564.2</u>	<u>499.8</u>
A. Goods balance.....	<u>-1,728.4</u>	<u>-1,551.3</u>	<u>177.1</u>
Exports (f.o.b.).....	1,079.8	1,178.2	98.4
Imports (f.o.b.).....	2,808.2	2,729.5	-78.7
B. Service Balance.....	<u>250.6</u>	<u>453.5</u>	<u>202.9</u>
Transportation.....	-215.9	-122.0	93.9
Travel.....	792.7	912.7	120.0
Other Services.....	-326.2	-337.2	-11.0
C. Income.....	<u>-505.8</u>	<u>-472.6</u>	<u>33.2</u>
Compensation of Employees.....	82.4	71.4	-11.0
Investment Income.....	-588.2	-544.0	44.2
D. Current Transfers.....	<u>919.7</u>	<u>1,006.2</u>	<u>86.5</u>
Official.....	90.8	86.0	-4.8
Private.....	828.9	920.2	91.3
2. Capital and Financial Account.....	<u>1,063.9</u>	<u>564.2</u>	<u>-499.8</u>
A. Capital Account.....	<u>-11.3</u>	<u>1.0</u>	<u>12.3</u>
Capital Transfers.....	-11.3	0.6	11.9
Official.....	0.2	0.1	-0.1
Private.....	-11.5	0.5	12.0
Acq./Disp. of non-produced non-fin. assets	0.0	0.4	0.4
B. Financial Account.....	<u>1,075.2</u>	<u>563.2</u>	<u>-512.0</u>
Other Official Investment.....	12.2	-130.8	-143.0
Other Private Investment.....	631.7	573.9	-57.8
<i>(incl. errors & omissions)</i>			
Reserves.....	431.3	120.1	
Government Reserves.....	0.0	0.0	

XIV. BOJ NET INTERNATIONAL RESERVES	Sept 2003	Aug 2004+	Sept 2004	% Change p.a.
(US\$mn.)				
BOJ Net International Reserves (US\$mn.).....	<u>1,182.63</u>	<u>1,643.46</u>	<u>1,616.52</u>	<u>36.69</u>
Gross Foreign Assets.....	1,216.66	1,669.66	1,640.73	34.86
Gross Foreign Liabilities.....	34.03	26.20	24.21	-28.86
Estimated Gross Reserves in Weeks of Imports.....	<u>18.62</u>	<u>23.88</u>	<u>23.47</u>	
Estimated Gross Reserves in Weeks of Goods and Services Imports.....	<u>12.66</u>	<u>16.31</u>	<u>16.03</u>	
 XV. FOREIGN EXCHANGE				
DEVELOPMENTS (US\$mn.)				
Combined Foreign Exchange Trading				
Foreign Exchange Purchases (spot).....	652.83	626.12	591.76	-9.35
Foreign Exchange Sales (spot).....	648.10	618.99	601.05	-7.26
Foreign Currency Deposit Balances of Authorised Dealers (US\$mn.) ()				
Commercial Banks Balances.....				
"A" Accounts 1/.....	<u>1,223.68</u>	<u>1,283.25</u>	<u>1,482.63</u>	<u>21.16</u>
Other.....	104.56	131.98	137.43	31.44
Other.....	1,119.12	1,151.27	1,345.20	20.20
F.I.As Balance.....				
"A" Accounts 1/.....	<u>115.95</u>	<u>131.69</u>	<u>133.55</u>	<u>15.18</u>
Other.....	24.37	74.24	75.49	209.77
Other.....	91.58	57.45	58.06	-36.60
Building Societies Balances.....				
"A" Accounts 1/.....	<u>191.83</u>	<u>246.85</u>	<u>247.43</u>	<u>28.98</u>
Other	132.63	170.82	171.61	29.39
Other	59.20	76.03	75.82	28.07
Total Foreign Currency Deposits (US\$mn.).....	<u>1,531.46</u>	<u>1,661.79</u>	<u>1,863.61</u>	<u>21.69</u>
Total Foreign Currency Loans (US\$mn.).....				
Commercial Banks.....	<u>660.48</u>	<u>722.29</u>	<u>711.38</u>	<u>7.71</u>
F.I.As	590.08	643.99	652.17	10.52
F.I.As	58.85	69.02	59.21	0.61
Building Societies.....	11.55	9.28	-	-
London Interbank Offer Rate (LIBOR) Eurodollars (%)				
3 months.....	Sept 2003	Aug 2004	Sept 2004	
6 months.....	1.14	1.73	1.89	
U.S. Prime Rate (end of period) (%).....	1.19	1.94	2.07	
U.S. Prime Rate (end of period) (%).....	4.00	4.50	4.75	
Selling Exchange Rates (end period)				
US\$1.00 = J\$.....	Sept 2003	Aug 2004	Sept 2004	
Can. \$1.00 = J\$.....	59.71	61.90	61.89	
U.K. Pound = J\$.....	43.92	46.86	49.05	
Euro = J\$**.....	98.54	110.56	111.62	
Euro = J\$**.....	66.84	75.42	76.84	
Caricom Selling Exchange Rates**				
T.T. \$1 = J\$.....	9.14	9.95	9.89	
Bdos. \$1 = J\$.....	28.69	30.95	30.94	
Guy. \$1 = J\$.....	0.30	0.32	0.32	
E.C. \$1 = J\$.....	21.25	22.93	22.92	

() Exclude deposits in "B" accounts

** Indicative Rates

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

+ Estimated Weeks of Imports Revised

INFLATION

AUGUST 2004

The All Jamaica Consumer Price Index (CPI) increased by 1.3 per cent in August 2004 just below the 1.4 per cent inflation recorded in August 2003. The rate of inflation for the fiscal year to August was 4.2 per cent, significantly less than the 9.1 per cent recorded over the same interval in 2003. The annual point-to-point inflation rate of 11.5 per cent was 0.4 percentage point below that recorded for August 2003 and continued the declining trend evident since April 2004. The annual average rate at August 2004 was 14.0 per cent, higher than the 7.9 per cent as at August 2003 (Table 1). It is noteworthy, however, that this outturn reflected the first decline since April 2003.

The primary influences on inflation in August were increases in the prices of domestic agricultural products and some international commodities, as well as administrative price adjustments. These increases were largely reflected in the *Food & Drink, Miscellaneous Expenses* and the *Housing & Other Housing Expenses* sub-indices that increased by 0.8 per cent, 3.9 per cent and 2.3 per cent, respectively. The respective contributions from these sub-groups were 37.8 percent, 28.4 per cent and 15.4 per cent (Table 2).

The increases in the *Food & Drink* sub-index emanated mainly from the *Baked Products, Cereals & Breakfast Drinks, Meals Away From Home* and the *Vegetables & Fruits* sub-groups. The increase of 1.2 per cent in the index of the *Baked Products, Cereals & Breakfast Drinks* sub-group was due primarily to price adjustments in important consumer staples such as bread, rice and flour. The rise of 1.1 per cent in the *Vegetables & Fruits* sub-group reflected the expected tightening in agricultural supplies relative to June. The 1.0 per cent expansion in the index of the *Meals Away From Home* sub-group reflected recent increases in the price of domestic food items and chicken meat.

The increase in the *Miscellaneous Expenses* sub-index was primarily influenced by significant upward adjustments in the cost of postal services. The cost of inland postage doubled while postage to the United States and the United Kingdom rose by 50 per cent and 56 per cent, respectively. The significant adjustment in the cost of postage is an attempt by the postal authorities to increase profitability and stem the use of Jamaica as a bulk distribution point by US companies. The increase in the sub-index was also affected by a 5.3 per cent increase in the cost of admission to cinemas.

The increase in the *Housing & Other Housing Expenses* sub-index was primarily influenced by upward adjustments in the cost of utilities, namely electricity and water. Electricity cost was influenced by an adjustment in tariff rates and the continuous increase in world oil prices. The increase in the cost of water was directly related to the increased cost of electricity, which is used to power the pumps for distribution. Other sub-groups that reflected impulses of note were the *Healthcare & Personal Expenses* and the *Fuels & Other Household Supplies*. Expansion in the former sub-group continued to reflect increases in doctors', opticians' and dentists' fees. Upward movements in the latter sub-group were primarily due to increases in the cost of household fuels, in particular, kerosene oil. This development was in response to the upward trend in crude oil prices.

There was relatively uniform inflation across the regions. The CPI in both the KMA and Other Towns rose by 1.3 per cent, while that of the Rural Areas increased by 1.4 per cent. Despite the convergence in the size of the increases in the overall indices, there were some disparities worthy of note within the sub-groups. Disparities were particularly evident in the *Baked Products, Cereals & Breakfast Drinks, Healthcare & Personal Expenses* and the *Fuels* sub-groups. In the *Baked Products, Cereals & Breakfast Drinks* sub-group, the Other Towns index moved three times faster than the other regions (see Table 3) and was caused primarily by a significant increase in the price of rice in the Other Towns region. Similarly, the increase for the Rural Areas *Healthcare & Personal Expenses* index was mainly attributable to higher prices for tonics and doctors' fees there. The *Fuels* sub-index rose by 3.6 per cent in the KMA and 0.7 per cent and 1.0 per cent in the Other Towns and Rural Areas, respectively. This was due to a shock increase in the price of kerosene, which had not increased when prices in the other regions moved in the recent past.

The trimmed mean index was estimated to have increased by 0.46 per cent in August, which was a 0.1 percent increase over the previous month's measure (Table 4). While reflecting an increase over the previous month, core inflation has been consistent with the path of the monetary base and has been fairly stable since February 2004. The 12-month point-to-point core inflation rate at August 2004 was 5.7 per cent, 0.3 percentage point below the comparable measure in the previous month, and 1.2 percentage points below the measure one year ago. Similarly, the fiscal year to date core inflation of 1.9 per cent compares favourably to the 4.1 per cent for the equivalent measure at August 2003. The annual average core inflation rate of 7.3 per cent also revealed a lower position of 0.1 of a percentage point when compared to the rate recorded in the previous month.

The measure of underlying inflation that excludes agricultural prices (CPI-A) was 0.98 per cent in August. This estimate represents a significant increase relative to the 0.51 per cent the previous month. This outturn was affected primarily by the significant adjustment in postal rates. The CPI-A index, which had exhibited a declining trend since June 2003 has reflected a reversal since May 2004. This development is related to impulses arising from administrative price adjustments as well as recent trends in the prices of crude oil and grains.

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
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	1,561.3	1,561.9	-0.31	1.44	2.12	6.30	6.83
	Feb	1,552.2	1,559.9	-0.58	-0.39	1.17	5.74	6.64
	Mar	1,559.5	1,557.7	0.47	-0.42	0.20	6.20	6.52
	Apr	1,584.0	1,565.2	1.57	1.45	0.21	7.33	6.50
	May	1,613.4	1,585.6	1.86	3.94	1.65	9.01	6.66
	Jun	1,653.1	1,616.8	2.46	6.00	3.80	10.74	7.04
	Jul	1,678.4	1,648.3	1.53	5.96	5.31	10.74	7.38
	Aug	1,702.0	1,677.8	1.41	5.49	5.81	11.88	7.85
	Sept	1,728.4	1,702.9	1.55	4.56	5.33	13.11	8.47
	Oct	1,756.7	1,729.0	1.64	4.67	4.90	14.13	9.17
	Nov	1,773.0	1,752.7	0.93	4.17	4.46	13.78	9.74
	Dec	1,786.8	1,772.2	0.78	3.38	4.07	14.09	10.32
2004	Jan	1,801.8	1,787.2	0.84	2.57	3.36	15.40	11.08
	Feb	1,811.9	1,800.2	0.56	2.19	2.71	16.73	11.99
	Mar	1,820.8	1,811.5	0.49	1.90	2.22	16.76	12.86
	Apr	1,828.2	1,820.3	0.41	1.47	1.85	15.42	13.52
	May	1,839.9	1,829.6	0.64	1.55	1.64	14.04	13.93
	Jun	1,854.8	1,841.0	0.81	1.87	1.63	12.20	14.03
	Jul	1,854.8	1,855.8	0.97	2.44	1.95	11.58	14.08
	Aug	1,897.3	1,875.0	1.31	3.12	2.48	11.47	14.02

1/ January 1998 = 100

Moving average

* Point to point

Source: STATIN

Table 2
COMPONENT CONTRIBUTION TO INFLATION
August 2004

	Weight in the CPI	Monthly Inflation (%)	Weighted Inflation	% Contribution to Inflation
FOOD & DRINK	0.5563	0.8	0.4074	37.8
Meals away from home	0.0741	1.0	0.0722	6.7
Meat, Poultry & Fish	0.1613	0.5	0.0780	7.2
Dairy Products Oils & Fats	0.0668	0.9	0.0602	5.6
Baked Products, Cereals & Breakfast Drink	0.0864	1.2	0.1030	9.5
Starchy Foods	0.0525	0.6	0.0301	2.8
Vegetables & Fruits	0.0650	1.1	0.0693	6.4
Other Food & Beverages	0.0502	-0.1	-0.0053	-0.5
FUELS & OTHER HOUSEHOLD SUPPLIES	0.0735	1.5	0.0773	7.2
Household Supplies	0.0482	0.5	0.0221	2.1
Fuels	0.0253	2.2	0.0552	5.1
HOUSING & OTHER HOUSING EXPENSES	0.0786	2.3	0.1666	15.4
Rental	0.0209	0.3	0.0071	0.7
Other Housing Expenses	0.0577	2.8	0.1595	14.8
HOUSEHOLD FURNISHINGS & FURNITURE	0.0283	0.8	0.0225	2.1
Furniture	0.0068	1.0	0.0067	0.6
Furnishings	0.0215	0.7	0.0157	1.5
HEALTHCARE & PERSONAL EXPENSES	0.0697	1.1	0.0745	6.9
PERSONAL CLOTHING FOOTWEAR & ACCESSORIES	0.0507	0.5	0.0243	2.3
Clothing Materials	0.0055	0.0	0.0002	0.0
Readymade Clothing & Accessories	0.0242	0.2	0.0054	0.5
Footwear	0.0159	1.0	0.0166	1.5
Making & Repairs	0.0051	0.4	0.0021	0.2
TRANSPORTATION	0.0644	0.0	0.0000	0.0
MISCELLANEOUS EXPENSES	0.0785	3.9	0.3064	28.4
ALL GROUPS	1.0000	1.31	1.08	100.0

**Table 3
REGIONAL INFLATION
August 2004**

	KMA (%)	Other Towns (%)	Rural (%)
FOOD & DRINK	0.7	0.6	0.9
Meals away from home	1.0	0.4	1.4
Meat Poultry & Fish	0.4	0.4	0.6
Dairy Products Oils & Fats	0.1	0.4	2.1
Baked Products Cereals & Breakfast Drink	0.9	2.7	0.8
Starchy Foods	0.9	0.0	0.6
Vegetables & Fruits	1.8	-0.3	0.9
Other Food & Beverages	0.1	-0.3	-0.3
FUELS & OTHER HOUSEHOLD SUPPLIES	2.1	0.7	0.9
Household Supplies	0.1	0.7	0.8
Fuels	3.6	0.7	1.0
HOUSING & OTHER HOUSING EXPENSES	2.2	2.4	2.4
Rental	0.4	0.1	0.1
Other Housing Expenses	2.9	2.7	2.6
HOUSEHOLD FURNISHINGS & FURNITURE	0.2	1.3	1.2
Furniture	0.5	3.1	0.0
Furnishings	0.0	0.4	1.8
HEALTHCARE & PERSONAL EXPENSES	0.7	0.5	2.0
PERSONAL CLOTHING FOOTWEAR & ACCESSORIES	0.2	0.2	1.1
Clothing Materials	0.0	0.1	0.1
Readymade Clothing & Accessories	0.1	0.1	0.4
Footwear	0.2	0.2	2.6
Making & Repairs	0.7	0.6	0.0
TRANSPORTATION	0.0	0.0	0.0
MISCELLANEOUS EXPENSES	3.2	4.4	4.7
ALL GROUPS	1.3	1.3	1.4

Table 4
INFLATION: ACTUAL & CORE

	Monthly		Fiscal Year to Date		12-Mth Core	
	Actual	Core	Actual	Core	Pt to Pt	Average
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
Sept	1.55	0.52	10.83	4.62	7.22	4.70
Oct	1.64	0.79	12.65	5.45	7.77	5.12
Nov	0.93	0.66	13.69	6.14	7.89	5.51
Dec	0.78	0.53	14.58	6.70	8.09	5.90
Jan	0.84	0.50	15.54	7.23	8.22	6.30
Feb	0.56	0.32	16.18	7.57	8.15	6.68
Mar	0.49	0.32	16.76	7.91	7.91	6.99
2004/05						
Apr	0.41	0.32	0.41	0.32	7.55	7.24
May	0.64	0.39	1.05	0.71	7.20	7.41
June	0.81	0.36	1.87	1.08	6.62	7.48
July	0.97	0.36	2.86	1.44	6.00	7.45
Aug	1.31	0.46	4.20	1.91	5.66	7.34

JAMAICA:
BALANCE OF PAYMENTS DEVELOPMENTS
January 2004

January 2004

The current account deficit for January 2004 improved significantly by US\$104.0MN to US\$43.2MN, relative to January 2003. This improvement reflected a reduction of US\$93.9MN in the deficit on the merchandise trade account, which was complemented by respective expansions of US\$12.0MN and US\$6.5MN in the surpluses on the services and current transfers accounts. An increase of US\$8.4MN in the deficit on the income account had a partial countervailing effect on the improvement in the current account. Within the financial account, private capital investment inflows were more than sufficient to finance net official investment outflows and the deficit on the current account. In this context, there was a build up of US\$54.7MN in the net international reserves of the Bank of Jamaica.

Merchandise Trade

The narrowing in the merchandise trade deficit reflected an increase of US\$26.4MN in the value of exports (f.o.b.), augmented by a decline of US\$67.5MN in imports, relative to January 2003. With the exception of free zone exports, all the export categories registered increased earnings. Major traditional exports benefited from respective expansions of US\$13.4MN, US\$3.0MN and US\$0.2MN in the values of alumina, bauxite and banana exports. The growth in alumina exports was associated with respective increases of 12.9 per cent and 10.4 per cent in price and volume, relative to January 2003. There was also an expansion of US\$9.3MN in non-traditional exports, which were related to exports of root crops and tubers, in particular, dasheen and yam.

The decline in the import bill for the month was influenced by respective contractions of US\$74.0MN, US\$12.4MN and US\$6.0MN in the c.i.f. values of raw materials, consumer goods and capital goods, which were partly countered by increases of US\$3.2MN and US\$2.9MN in goods procured in ports and free zone imports, respectively. Reductions of US\$21.9MN and US\$52.1MN for fuel and other raw materials accounted for the decline in raw material imports. The contraction in the value of fuel was attributed to a 34.8 per cent decline in volume imported while for 'other raw materials', there was a decrease in spending on industrial supplies. Similarly, all components of consumer goods recorded declines, with the values of other non-durables and motorcars registering contractions of US\$4.6MN and US\$3.3MN, respectively. The contraction in expenditure on capital goods mainly reflected respective declines of US\$4.0MN and US\$2.9MN in the values of transport and equipment and 'other machinery and equipment', which were partially countered by an increase of US\$1.0MN in spending on construction equipment. Lower spending on motor vehicles for the transportation of goods was responsible for the contraction in the value of transport and equipment, while reduced expenditure on communication equipment accounted for the decline in other machinery and equipment.

Services

Higher receipts of US\$3.0MN on the travel sub-account, complemented by a reduction of US\$10.9MN in the deficit on the transportation sub-account accounted for the expansion in the surplus on the services account. An increase of US\$1.9MN in the deficit on the other services sub-account, however, partially offset this improvement. The contraction in the deficit on the transportation sub-account was primarily associated with reduced outflows of US\$8.3MN, due to the reduction in imports. Inflows to the travel sector benefited from a US\$5.9MN increase in tourist expenditure, influenced by an 8.9 per cent increase in the number of foreign national visitors to the Island.

Income

An increase of US\$9.5MN in net investment income outflows influenced by higher interest payments on Government of Jamaica's external debt and imputed profit remittances of the direct investment companies was responsible for the growth in the deficit on the income account for the month, relative to 2003. In addition, net investment income inflows declined by US\$3.1MN due mainly to lower interest receipts on Bank of Jamaica's foreign reserves.

Current Transfers

The increase on the current transfers account was attributed primarily to an expansion of US\$7.8MN in net inflows to the private sector. This improvement reflected an expansion in gross inflows of US\$15.7MN, which was partially offset by growth of US\$7.9MN in gross outflows.

Capital and Financial Accounts

A deficit of US\$1.4MN was recorded on the capital account, while the financial account registered a surplus of US\$43.0MN for the review month, relative to January 2003. Within the financial account, net private capital investment inflows of US\$116.3MN were more than sufficient to finance net official investment outflows of US\$18.6MN, as well as the deficit on the current account. As a consequence, there was a build up of US\$54.7MN in the net international reserves of the Bank of Jamaica.

April 2003 to January 2004

For the fiscal period April to January 2004, the current account deficit improved by US\$499.7MN to a deficit of US\$564.2MN, relative to the deficit recorded for the corresponding period in 2003. This improvement reflected respective increases of US\$202.9MN and US\$86.5MN in net receipts from services and current transfers, as well as contractions of US\$177.1MN and US\$33.2MN in the deficits on the goods and income accounts, respectively. Within the financial account net private investment inflows, combined with the surplus on the capital account, were insufficient to finance net official outflows, as well as the deficit on the current account. Consequently, there was a draw down of US\$120.1MN in the net international reserves during the review period.

Merchandise Trade

An expansion of US\$98.4MN in the value of exports, in conjunction with a US\$78.7MN decline in imports (f.o.b.), contributed to the improvement in the merchandise trade deficit for the review period, relative to April to January 2003. The higher value of exports principally reflected an expansion of US\$86.3MN in receipts from alumina exports, due to increases of 7.0 per cent and 8.7 per cent in the volume and price, respectively. The decrease in expenditure on imports was mainly influenced by a significant contraction in capital goods and, to a lesser extent, consumer goods imports. This was partially offset by growth in raw material imports, in particular fuel imports. The increase in fuel imports resulted from an increase of 8.4 per cent in the average price of crude oil on the international market, relative to the corresponding period in 2003.

Services

The expansion in the surplus on the services account, relative to 2003, primarily reflected an increase of US\$120.0MN in net travel receipts. Total visitor arrivals for the period grew by 6.7 per cent, relative to the corresponding period in 2003, influenced by increases of 7.1 per cent and 21.3 per cent in foreign national stopover and cruise visitor arrivals, respectively. In addition, there was a reduction of US\$93.9MN in net transportation payments due to higher net inflows of US\$71.6MN, which was complemented by a decline of US\$22.3MN in net outflows. Growth in visitor arrivals during the review period accounted for higher net inflows while the decrease in net outflows was attributed to lower imports. Partially offsetting the surplus on the services account was an increase of US\$11.0MN in the deficit on the other services sub-account.

Income

A reduction in imputed profit remittances by the direct investment companies was the main factor contributing to the decline of US\$44.2MN in net investment income outflows. Net receipts from compensation of employees was also lower by US\$11.0MN, which was due mainly to higher payments to foreign nationals working in Jamaica.

Current Transfers

The improved surplus on the current transfers account was primarily influenced by an increase of US\$91.3MN in net private inflows. This increase stemmed from an expansion of US\$154.6MN in gross inflows, which was partially offset by an increase of US\$63.3MN in gross outflows. Respective increases of US\$63.0MN and US\$29.5MN in inflows through remittance companies and building societies were largely responsible for the growth in inflows.

Capital & Financial Accounts

Surpluses of US\$1.0MN and US\$563.2MN, respectively, were recorded on the capital account and the financial account for the review period, relative to the comparable period in 2003. Within the financial account, net private investment inflows of US\$573.9MN were insufficient to finance net official investment outflows of US\$130.8MN, as well as the deficit on the current account. Consequently, there was a draw down of US\$120.1MN in the net international reserves of the Bank of Jamaica. At the end of January 2004, the level of gross reserves stood at US\$1 251.0MN representing 20.1 weeks of imports of goods and 13.3 weeks of imports of goods and services.

The following table shows the balance of payments for January 2003, January 2004 and for the periods April to January 2003 and April to January 2004.

BALANCE OF PAYMENTS SUMMARY (US\$M)

	Jan^{1/}	Jan^{2/}		Apr - Jan^{1/}	Apr -Jan^{2/}	
	2003	2004	Change	2002/03	2003/04	Change
1. CURRENT ACCOUNT	-147.2	-43.2	104.0	-1063.9	-564.2	499.7
A. GOODS and SERVICES	-194.5	- 88.6	105.9	-1477.8	-1097.8	380.0
a. GOODS BALANCE	-235.2	-141.3	93.9	-1728.4	-1551.3	177.1
Exports (f.o.b.)	100.4	126.8	26.4	1079.8	1178.2	98.4
Imports (f.o.b.)	335.6	268.1	-67.5	2808.2	2729.5	-78.7
b. SERVICES BALANCE	40.7	52.7	12.0	250.6	453.5	202.9
Transportation	-19.1	-8.2	10.9	-215.9	-122.0	93.9
Travel	90.4	93.4	3.0	792.7	912.7	120.0
Other Services	-30.6	-32.5	-1.9	-326.2	-337.2	-11.0
B. INCOME	-46.6	-55.0	-8.4	-505.8	-472.6	33.2
Compensation of employees	3.3	4.4	1.1	82.4	71.4	-11.0
Investment Income	-49.9	-59.4	-9.5	-588.2	-544.0	44.2
C. CURRENT TRANSFERS	93.9	100.4	6.5	919.7	1006.2	86.5
Official	8.4	7.1	-1.3	90.8	86.0	-4.8
Private	85.5	93.3	7.8	828.9	920.2	91.3
2. CAPITAL & FINANCIAL ACCOUNT	145.8	41.6	-104.2	1063.9	564.2	-499.7
A. CAPITAL ACCOUNT	-1.4	-1.4	0.0	-11.3	1.0	12.3
a. Capital Transfers	-1.4	-1.4	0.0	-11.3	0.6	11.9
Official	0.1	0.1	0.0	0.2	0.1	-0.1
Private	-1.5	-1.5	0.0	-11.5	0.5	12.0
b. Acq/disposal of non-prod. Non-fin'l assets	0.0	0.0	0.0	0.0	0.4	0.4
B. FINANCIAL ACCOUNT	147.2	43.0	-104.2	1075.2	563.2	-512.0
Other official investment	-12.8	-18.6	-5.8	12.2	-130.8	-143.0
Other private investment ^{3/}	73.3	116.3	43.0	631.7	573.9	-57.8
Change in Reserves (minus = increase)	86.7	-54.7		431.3	120.1	

1/ Revised

2/ Provisional

3/ Includes errors & omissions

BANK OF JAMAICA