



ECONOMIC STATISTICS

VOLUME 13 - NO. 9

SEPTEMBER 2003



SELECTED ECONOMIC INDICATORS

Figure 1

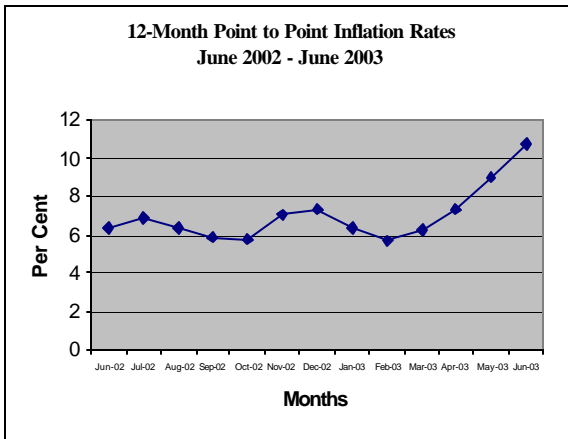


Figure 2

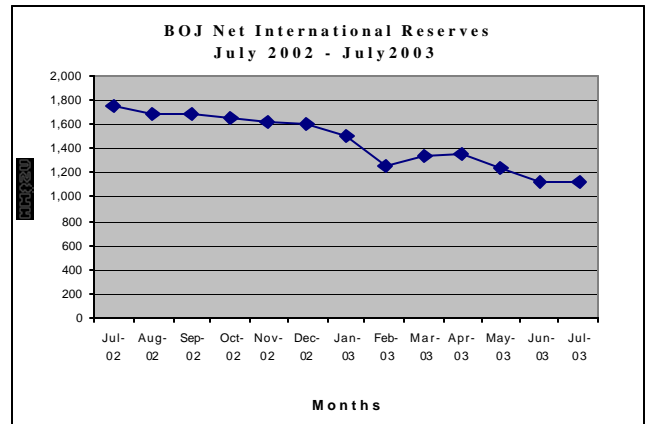


Figure 3

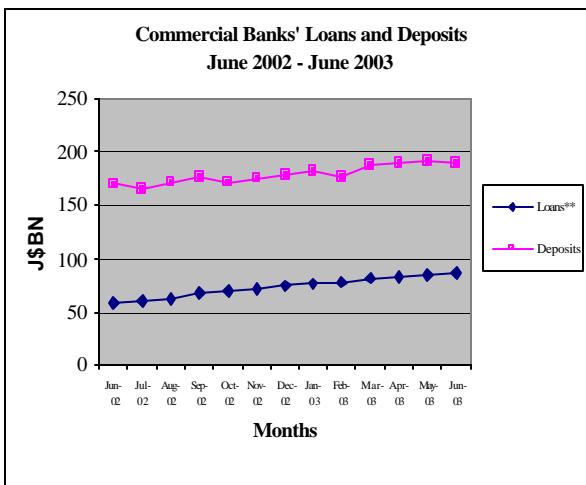


Figure 4

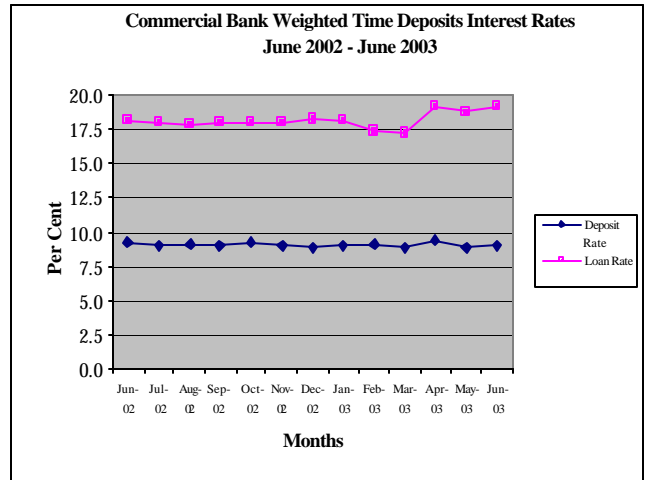


Figure 5

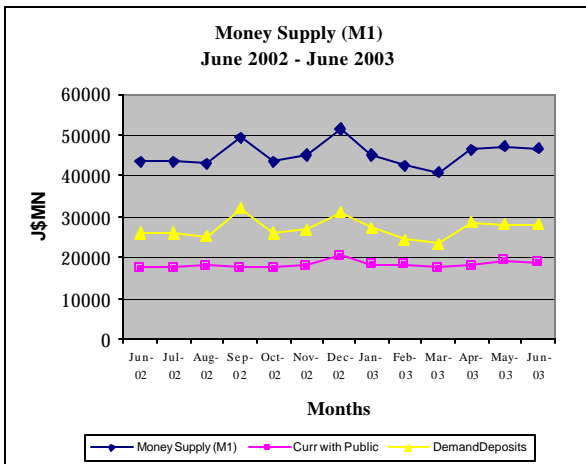
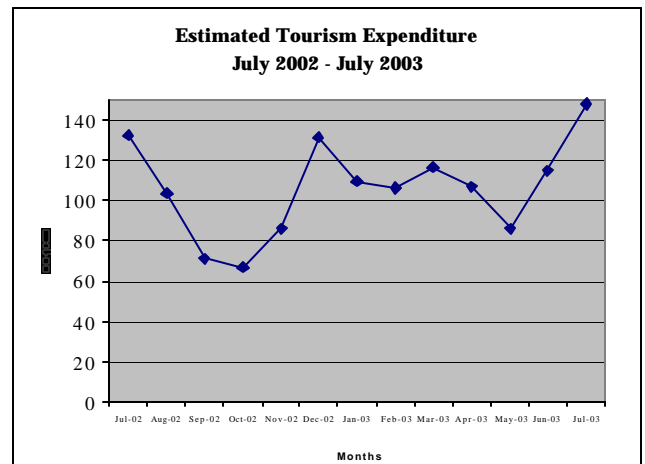


Figure 6



1. MONETARY AGGREGATES (J\$mn.)				%
Local and Foreign Currency	June 2002	May 2003	June 2003	Change p.a.
Money Supply (M1).....	<u>43,248.66</u>	<u>47,136.67</u>	<u>46,749.54</u>	<u>8.09</u>
(a) Currency with the Public.....	17,419.74	18,992.74	18,758.45	7.69
(b) Demand Deposits (adj.)***.....	25,828.92	28,143.93	27,991.09	8.37
Quasi-Money.....	<u>107,283.36</u>	<u>120,917.74</u>	<u>120,084.00</u>	<u>11.93</u>
(a) Time.....	31,084.75	32,194.19	31,135.93	0.16
(b) Savings.....	76,198.61	88,723.55	88,948.07	16.73
Money Supply (M2).....	<u>150,532.02</u>	<u>168,054.41</u>	<u>166,833.54</u>	<u>10.83</u>
Domestic Credit (net).....	<u>147,499.58</u>	<u>190,400.40</u>	<u>195,498.92</u>	<u>32.54</u>
Local Currency	June 2002	May 2003	June 2003	
Money Supply (M1).....	<u>36,864.80</u>	<u>37,822.99</u>	<u>37,196.35</u>	<u>0.90</u>
(a) Currency with the Public.....	17,419.74	18,992.74	18,758.45	7.68
(b) Demand Deposits (adj.)***.....	19,445.06	18,830.25	18,437.90	-5.18
Quasi-Money.....	<u>73,370.63</u>	<u>73,717.86</u>	<u>72,733.40</u>	<u>-0.87</u>
(a) Time.....	20,512.48	18,149.00	17,042.89	-16.91
(b) Savings.....	52,858.15	55,568.86	55,690.51	5.36
Money Supply (M2).....	<u>110,235.43</u>	<u>111,540.85</u>	<u>109,929.75</u>	<u>-0.28</u>
Domestic Credit (net).....	<u>132,779.93</u>	<u>169,275.45</u>	<u>171,316.47</u>	<u>29.02</u>
	June 2002	June 2003	July 2003	
Base Money.....	<u>31,128.00</u>	<u>32,404.93</u>	<u>32,781.03</u>	<u>5.31</u>
II. COMMERCIAL BANKS (J\$mn.)	June 2002	May 2003	June 2003	
Assets & Liabilities (J\$mn.)**.....	<u>251,817.02</u>	<u>298,632.45</u>	<u>295,233.29</u>	<u>17.24</u>
Loans**.....	<u>58,100.77</u>	<u>85,275.62</u>	<u>87,067.38</u>	<u>49.86</u>
Agriculture.....	1,450.67	1,636.80	1,612.08	11.13
Manufacturing.....	3,460.88	3,956.82	3,766.78	8.84
Construction & Land Development.....	2,322.56	4,652.28	4,773.38	105.52
Mining.....	101.97	111.81	104.40	2.38
Tourism.....	5,705.23	9,469.12	9,744.30	70.80
Transport, Storage & Communication.....	3,996.26	7,418.25	7,306.97	82.85
Consumer-Oriented.....	22,230.22	30,012.05	31,257.81	40.61
Government Services.....	15,793.83	26,300.10	26,812.40	69.77
Other.....	3,039.15	1,718.39	1,689.26	-44.42
DEPOSITS.....	<u>169,908.25</u>	<u>191,025.60</u>	<u>190,050.41</u>	<u>11.85</u>
Private Sector (including overseas residents).....	<u>143,170.81</u>	<u>161,805.53</u>	<u>161,698.97</u>	<u>12.94</u>
Time.....	33,997.03	38,079.77	36,879.33	8.48
Savings.....	81,916.32	95,683.35	95,882.66	17.05
Demand.....	27,257.46	28,042.41	28,936.98	6.16
Government.....	<u>15,788.06</u>	<u>14,993.71</u>	<u>15,010.24</u>	<u>-4.93</u>
Time.....	464.99	571.29	563.53	21.19
Savings.....	499.44	1,501.33	1,480.72	196.48
Demand.....	14,823.63	12,921.09	12,965.99	-12.53
Public Entities.....	<u>6,137.34</u>	<u>7,485.10</u>	<u>6,324.35</u>	<u>3.05</u>
Time.....	3,462.93	3,306.40	3,763.65	8.68
Savings.....	1,343.38	2,787.18	1,470.86	9.49
Demand.....	1,331.03	1,391.52	1,089.84	-18.12

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

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

II. COMMERCIAL BANKS (J\$mn.) (Cont'd)				%
	June 2002	May 2003	June 2003	Change p.a.
Spec. & O. F. Insts.....	4,812.04	6,741.26	7,016.85	45.82
Time.....	946.10	1,794.17	1,767.75	86.85
Savings.....	644.19	1,312.17	1,094.73	69.94
Demand.....	3,221.75	3,634.92	4,154.37	28.95
	July 2002	June 2003	July 2003	
Current Account Balances (J\$mn.).....	403.80	185.80	53.50	
	June 2002	May 2003	June 2003	
LIQUIDITY (Average) %				
Actual Liquid Assets Ratio.....	41.58	34.89	32.89	
Cash.....	1.70	2.16	2.15	
Deposits with B.O.J.....	9.32	9.18	9.20	
Treasury Bills.....	0.85	0.35	0.27	
Equity Investment Bonds.....	0.00	0.00	0.00	
Local Registered Stocks.....	7.66	8.94	9.44	
Other.....	22.05	14.26	11.83	
Statutory Requirement.....	27.00	23.00	23.00	
	July 2002	June 2003	July 2003	
III. SELECTED INTEREST RATES (%)				
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	1.00-64.75	5.00-63.00	
Average Savings Deposits	8.97	8.22	8.22	
Average Loan Rate.....	25.92	25.18	25.18	
	June 2002	May 2003	June 2003	
Weighted Fixed Deposits Rate.....	9.28	8.88	8.98	
Weighted Loan Rate.....	18.15	18.76	19.23	
	Aug 2002	July 2003	Aug 2003	
G.O.J. Treasury Bills (Weighted Average) Yield				
3 Months:.....	-	-	-	
6 Months:.....	13.78	26.31	25.74	
9 Months:.....	-	-	-	
12 Months:.....	-	-	-	
	Aug 2002	Jul 2003	Aug 2003	
BOJ Reverse Repurchase Rates (%)				
30-Day	12.95	15.00	15.00	
60-Day	13.05	15.30	15.30	
90-Day	13.15	20.00	18.00	
120-Day	13.25	24.00	22.00	
180-Day	13.45	26.50	25.50	
270-Day	13.85	27.50	25.75	
360-Day	14.50	28.00	26.00	
	July 2002	June 2003	July 2003	
COMMERCIAL BANKS (Foreign Currency)				
Fixed Deposits (Under US\$100,000)				
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	2.00-4.50	
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	12.75	12.20	12.15	
Average Savings	2.86	2.66	2.66	

				% Change p.a.
IV. SECURITIES (J\$mn.) (outstanding balances)	June 2002	May 2003	June 2003	
GOJ Local Registered Stock.....	219,738.46	241,752.19	241,163.21	9.75
	Aug 2002	July 2003	Aug 2003	
BOJ Open Market Operations 1/.....	94,111.11	77,665.59	78,997.19	-16.06
GOJ Treasury Bills.....	4,250.00	2,000.00	2,100.00	-50.59
V. INSTALMENT CREDIT (J\$mn.) (Banks & Near-Banks)	June 2002	May 2003	June 2003	
Total Credit Outstanding.....	6,103.90	7,851.11	8,061.32	32.07
New Business.....	368.99	581.75	548.63	48.68
VI. NEAR-BANKS (J\$mn.) (Merchant Banks, Trust Com. & Finance Houses)	June 2002	May 2003	June 2003	
Assets/Liabilities.....	25,511.92	47,181.10	43,177.77	69.25
Loans Outstanding.....	3,874.75	5,246.49	5,354.93	38.20
Total Deposits.....	8,308.80	7,789.49	7,467.85	-10.12
Loans.....	<u>3,874.75</u>	<u>5,246.49</u>	<u>5,354.93</u>	<u>38.20</u>
Agriculture.....	28.53	106.12	83.54	192.82
Manufacturing.....	649.68	294.41	277.82	-57.24
Construction & Land Development.....	155.43	772.62	774.66	398.40
Mining, Quarrying & Processing.....	73.86	45.44	37.09	-49.78
Tourism.....	301.75	462.30	471.27	56.18
Transport, Storage & Communication.....	20.66	20.39	15.18	-26.53
Consumer Oriented.....	2,147.41	2,339.08	2,378.65	10.77
Government Services.....	192.00	1,002.70	990.92	416.10
Other.....	305.43	203.43	325.80	6.67
	June 2002	May 2003	June 2003	
Liquid Assets Ratio (average) %.....	103.30	72.50	71.00	
Statutory Requirement.....	28.00	23.00	23.00	
VII. BUILDING SOCIETIES (J\$mn.) (members & associate members)	June 2002	May 2003	June 2003	
Assets/Liabilities.....	54,249.30	58,321.38	59,172.80	9.08
Loan Balances.....	18,644.06	21,692.95	22,054.04	18.29
Savings Funds.....	41,847.38	44,788.86	45,574.74	8.91
VIII. INFLATION	June 2002	June 2003	June 2003	
Consumer Price Index (Jan. 1988 = 100).....	1,492.8	1,653.1	1,653.1	10.74
Monthly Rate (%).....	0.9	2.5	2.5	
Calendar Year to Date (%) (point to point).....	2.2	5.6	5.6	
Fiscal Year to Date (%) (point to point).....	1.7	6.0	6.0	
IX. ACTUAL PRODUCTION ('000)	July 2002	June 2003	July 2003	
Bauxite (metric tonnes).....	312.88	300.29	328.18	4.89
Alumina (metric tonnes).....	314.19	317.15	322.94	2.78
Sugar (metric tonnes).....	11.61	6.49	1.32	-88.63
Banana (tonnes).....	3.00	3.09	3.04	1.33
X. STOCK MARKET ACTIVITIES	July 2002	June 2003	July 2003	
Index.....	38,510.97	50,478.94	54,003.06	40.23
Volume Traded (mn.).....	192.81	78.48	973.81	405.06
Ordinary Shares.....	191.51	70.30	367.05	91.66
Block Transactions.....	1.30	8.18	606.76	46,573.85

X. STOCK MARKET ACTIVITIES (cont'd)	July 2002	June 2003	July 2003	% Change p.a.
Value of Stocks Traded (J\$mn.).....	650.15	561.60	6,465.87	894.42
Ordinary Shares.....	647.69	463.27	1,282.78	98.05
Block Transactions.....	2.46	98.33	5,183.09	210,594.72
Advance/Decline Ratio.....	20/9	11/18	29/3	
XI. EXTERNAL TRADE (US\$mn.)	Jan-Feb 2002	Jan-Feb 2003	Change	
1. EXPORTS				
a) Major Traditional Exports.....	<u>125.92</u>	<u>126.28</u>	<u>0.36</u>	
Bauxite.....	18.93	14.71	-42.20	
Alumina.....	94.98	96.62	1.64	
Sugar.....	9.07	12.08	3.01	
Bananas.....	2.94	2.87	-0.07	
b) Other Traditional Exports.....	11.89	10.86	-1.66	
c) Non-Traditional Exports.....	33.39	37.53	1.03	
d) Re-exports.....	2.54	2.93	0.42	
General Merchandise Exports.....	<u>173.74</u>	<u>177.59</u>	<u>3.85</u>	
(e) Freezone Exports.....	19.71	14.91	-4.80	
(f) Goods Procured in Port.....	4.80	5.00	0.20	
Total Goods Exports.....	<u>198.25</u>	<u>197.50</u>	<u>-0.75</u>	
2. IMPORTS				
(a) Consumer Goods.....	156.42	178.00	21.58	
(b) Raw Materials.....	266.72	364.28	97.56	
(c) Capital Goods.....	92.61	99.52	6.91	
General Merchandise Imports.....	<u>515.75</u>	<u>641.80</u>	<u>126.05</u>	
(d) Freezone Imports.....	13.79	7.36	-6.43	
(e) Goods Procured in Port.....	6.20	6.40	0.20	
Total Goods Imports.....	<u>535.74</u>	<u>655.56</u>	<u>119.82</u>	
Trade Balance.....	<u>-337.49</u>	<u>-458.06</u>	<u>-120.57</u>	
Memo:				
Caricom Exports.....	6.58	6.48	-0.10	
Caricom Imports.....	52.45	77.58	25.13	
Caricom Trade Balance.....	<u>-45.87</u>	<u>-71.10</u>	<u>-25.23</u>	
XII. TOURISM	Jan-Jun 2002	Jan-Jul 2003	% Change	
Tourist Arrivals ('000).....	<u>1,268.15</u>	<u>1,507.72</u>	<u>18.89</u>	
Stopovers.....	771.70	822.35	6.56	
Cruise.....	496.28	685.37	38.10	
Armed Forces.....	.17	-	-	
Cumulative Expenditure (US\$mn.).....	<u>723.10</u>	<u>797.70</u>	<u>10.32</u>	
XIII. BALANCE OF PAYMENTS (US\$mn.)	Jan-Feb 2002	Jan-Feb 2003	Change	
<i>Balance of Payments (Calendar)</i>				
1. Current Account.....	<u>-132.5</u>	<u>-206.9</u>	<u>-74.4</u>	
A. Goods balance.....	<u>-259.1</u>	<u>-366.4</u>	<u>-107.3</u>	
Exports (f.o.b.).....	198.2	197.5	-0.7	
Imports (f.o.b.).....	457.3	563.9	106.6	
B. Service Balance.....	<u>53.1</u>	<u>100.0</u>	<u>46.9</u>	
Transportation.....	-33.6	-34.6	-1.0	
Travel.....	154.4	206.0	51.6	
Other Services.....	-67.7	-71.4	-3.7	

Balance of Payments (Calendar) (Cont'd)

	Jan-Feb 2002	Jan-Feb 2003	Change
C. Income.....	<u>-100.0</u>	<u>-119.6</u>	<u>-19.6</u>
Compensation of Employees.....	2.9	4.6	1.7
Investment Income.....	-102.9	-124.2	-21.3
D. Current Transfers.....	<u>173.5</u>	<u>179.1</u>	<u>5.6</u>
Official.....	16.6	14.4	-2.2
Private.....	156.9	164.7	7.8
2. Capital and Financial Account.....	<u>132.5</u>	<u>206.9</u>	<u>74.4</u>
A. Capital Account.....	<u>-3.5</u>	<u>-3.2</u>	<u>0.3</u>
Capital Transfers.....	<u>-3.5</u>	<u>-3.2</u>	<u>0.3</u>
Official.....	0.1	0.1	0.0
Private.....	-3.6	-3.3	0.3
Acq./Disp. of non-produced non-fin. assets....	0.0	0.0	0.0
B. Financial Account.....	<u>136.0</u>	<u>210.1</u>	<u>74.1</u>
Other Official Investment.....	11.6	-239.8	-251.4
Other Private Investment.....	104.5	105.9	1.4
<i>(incl. errors & omissions)</i>			
Reserves.....	<u>19.9</u>	<u>344.0</u>	
	Apr-Feb	Apr-Feb	
Balance of Payments (Fiscal)	2001/2002	2002/2003	
1. Current Account.....	<u>-728.2</u>	<u>-1,157.3</u>	<u>-429.1</u>
A. Goods balance.....	<u>-1,459.1</u>	<u>-1,859.6</u>	<u>-400.5</u>
Exports (f.o.b.).....	1,292.2	1,176.9	-115.3
Imports (f.o.b.).....	2,751.3	3,036.5	285.2
B. Service Balance.....	<u>271.5</u>	<u>277.2</u>	<u>5.7</u>
Transportation.....	-238.5	-231.4	7.1
Travel.....	862.0	909.0	47.0
Other Services.....	-352.0	-400.4	-48.4
C. Income.....	<u>-411.3</u>	<u>-578.8</u>	<u>-167.5</u>
Compensation of Employees.....	73.3	83.7	10.4
Investment Income.....	-484.6	-662.5	-177.9
D. Current Transfers.....	<u>870.7</u>	<u>1,003.9</u>	<u>133.2</u>
Official.....	107.9	96.8	-11.1
Private.....	762.8	907.1	144.3
2. Capital and Financial Account.....	<u>728.2</u>	<u>1,157.3</u>	<u>429.1</u>
A. Capital Account.....	<u>-22.1</u>	<u>-14.5</u>	<u>7.6</u>
Capital Transfers.....	<u>-22.1</u>	<u>-14.5</u>	<u>7.6</u>
Official.....	0.4	0.2	-0.2
Private.....	-22.5	-14.7	7.8
Acq./Disp. of non-produced non-fin. assets	0.0	0.0	0.0
B. Financial Account.....	<u>750.3</u>	<u>1,171.8</u>	<u>421.5</u>
Other Official Investment.....	550.0	-214.8	-764.8
Other Private Investment.....	734.9	698.0	-36.9
<i>(incl. errors & omissions)</i>			
Reserves.....	-534.6	688.6	
Government Reserves.....	0.0	0.0	

				%
XIV. BOJ NET INTERNATIONAL RESERVES	July 2002	June 2003	July 2003	Change p.a
(US\$mn.)				
BOJ Net International Reserves (US\$mn.).....	<u>1,743.93</u>	<u>1,127.39</u>	<u>1,124.92</u>	<u>-35.50</u>
Gross Foreign Assets.....	1,799.01	1,165.20	1,162.63	-35.37
Gross Foreign Liabilities.....	55.08	37.81	37.71	-31.54
Estimated Gross Reserves in Weeks of Imports.....	<u>29.76</u>	<u>18.27</u>	<u>18.23</u>	
Estimated Gross Reserves in Weeks of Goods and Services Imports.....	<u>19.92</u>	<u>12.03</u>	<u>12.00</u>	
 XV. FOREIGN EXCHANGE	 Aug 2002	 July 2003	 Aug 2003	
DEVELOPMENTS (US\$mn.)				
Combined Foreign Exchange Trading				
Foreign Exchange Purchases (spot).....	844.74	646.65	612.29	-27.52
Foreign Exchange Sales (spot).....	810.63	622.76	613.78	-24.28
 Foreign Currency Deposit Balances of Authorised Dealers (US\$mn.) ()	July 2002	June 2003	July 2003*	
Commercial Banks Balances.....	<u>1,024.89</u>	<u>1,225.82</u>	<u>1,181.02</u>	<u>15.23</u>
"A" Accounts 1/.....	56.33	100.24	102.94	82.74
Other.....	968.56	1,125.58	1,078.08	11.31
F.I.As Balance.....	<u>102.96</u>	<u>98.37</u>	<u>97.83</u>	<u>-4.98</u>
"A" Accounts 1/.....	13.34	22.14	23.12	73.31
Other.....	89.62	76.23	74.71	-16.64
Building Societies Balances.....	<u>160.32</u>	<u>189.99</u>	<u>190.00</u>	<u>18.51</u>
"A" Accounts 1/.....	109.59	131.76	131.76	20.23
Other	50.73	58.23	58.24	14.80
Total Foreign Currency Deposits (US\$mn.).....	<u>1,288.17</u>	<u>1,514.18</u>	<u>1,468.85</u>	<u>14.03</u>
Total Foreign Currency Loans (US\$mn.).....	<u>488.32</u>	<u>613.60</u>	<u>635.18</u>	<u>30.07</u>
Commercial Banks.....	439.57	543.75	565.98	28.76
F.I. As	34.37	57.17	56.52	64.45
Building Societies.....	14.38	12.68	12.68	-11.82
 London Interbank Offer Rate (LIBOR) Eurodollars (%)	Aug 2002	July 2003	Aug 2003	
3 months.....	1.82	1.11	1.13	
6 months.....	1.82	1.12	1.19	
U.S. Prime Rate (end of period) (%).....	4.75	4.00	4.00	
 Selling Exchange Rates (end period)	Aug 2002	July 2003	Aug 2003	
US\$1.00 = J\$.....	49.01	59.16	59.40	
Can. \$1.00 = J\$.....	31.38	42.42	42.32	
U.K. Pound = J\$.....	75.60	94.91	93.26	
Euro = J\$**.....	48.67	67.30	65.87	
 Caricom Selling Exchange Rates**				
T.T. \$1 = J\$.....	8.09	9.60	9.61	
Bdos. \$1 = J\$.....	24.82	29.91	29.98	
Guy. \$1 = J\$.....	0.26	0.31	0.31	
E.C. \$1 = J\$.....	18.38	22.15	22.21	

() Exclude deposits in "B" accounts

** Indicative Rates

* Provisional

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

INFLATION

JUNE 2003

The All Jamaica Consumer Price Index (CPI) increased by 2.5 per cent in June 2003. This outturn brought inflation for the first quarter of FY 2003/04 to 6.0 per cent, compared to 1.7 per cent obtained over the same interval in FY 2002/03. This is the highest recorded quarterly rate since the March 1996 quarter, when inflation was 7.7 per cent. The average rate of increase for the June quarter of the four previous years was 2.2 per cent. For the first six months of the calendar year, the inflation rate was 5.6 per cent, relative to 2.2 per cent in the comparable period of 2002. The 12-month point-to-point inflation rate as at June 2003 was 10.7 per cent, 4.4 percentage points above the rate recorded in the previous year. However, the annual average inflation rate at June 2003 was 7.0 per cent, or 0.6 of a percentage point below the rate recorded for June 2002 (Table 1).

The major influences on June's inflation were the continued effects of revenue measures and the pass through of recent exchange rate depreciation. Additionally, there was an increase in export demand for tubers, in a context of a tightening in the supply of these items. All the sub-indices of the CPI recorded increases, relative to May. The inflation outturn primarily reflected price increases for items in the *Food & Drink*, *Housing & Other Housing Expenses* and *Healthcare & Personal Expenses* sub-indices. Inflation in these sub-indices were 3.9 per cent, 1.5 per cent and 1.3 per cent, contributing 82.5 per cent, 4.4 per cent and 3.8 per cent, respectively, to the overall outturn.

The increase in the *Food & Drink* sub-index was influenced primarily by a 10.6 per cent increase in the *Starchy Foods* sub-group. This was complemented by expansions of 4.8 per cent, 2.4 per cent and 3.9 per cent in the *Baked Products*, *Cereals & Breakfast Drinks*, *Meat, Poultry & Fish* and *Dairy Products*, *Oils & Fats* sub-groups, respectively (see Table 2). The rise in the *Starchy Foods* sub-group accounted for 22.6 per cent of the overall inflation. Increases in the prices of breadfruit, yellow yam, lucea yam and dasheen in the Rural Areas were primarily responsible for the expansion in this sub-group. The *Baked Products*, *Cereals & Breakfast Drinks* sub-group was mainly affected by the increased prices of hard dough bread, cornmeal and flour. These items and others in the *Food & Drink* sub-category were affected by the recent depreciation in the exchange rate, as well as recent revenue measures.

The *Housing & Other Housing Expenses* sub-index was chiefly influenced by increases in the prices of cement, steel and paint, as well as higher electricity rates. The depreciation in the exchange rate in the previous months, generally affected the prices of building materials. The higher electricity rate was the combined result of the 3.7 per cent depreciation in the exchange rate in May and a higher billed fuel rate.

The increase of 1.3 per cent in the *Healthcare & Personal Expenses* sub-category resulted primarily from higher *opticians' fees* and increases in the cost of *pills & pain relievers* and *spectacles*. The movement in the prices of pills and pain relievers was primarily the result of the removal of the exempted and zero-rated status from these items.

While all the regions recorded increases relative to May, there was a significant geographical disparity in inflation. **The index in the Rural Areas increased by 4.1 per cent, while the indices for the KMA and Other Towns rose by smaller magnitudes of 1.2 per cent and 2.5 per cent, respectively.** This disparity was influenced mainly by the *Food & Drink* sub-index, which increased by **6.4 per cent** in the Rural Areas, relative to respective changes of **4.1 per cent** and **1.5 per cent** in the Other Towns and the KMA regions. All sub-groups in the *Food & Drink* category with the exception of the *Baked Products, Cereals & Breakfast Drinks* subgroups reflected larger increases in the Rural Areas (see Table 3). Of particular interest was the extraordinary increase of **17 per cent** in the Starchy Foods sub-index in the Rural Areas. This is in comparison to the prices in the KMA region, which remained unchanged, and an increase of 8.4 per cent in the Other Towns. A possible reason for the disparity is an unusual increase in demand for starchy foods from exporters who bid aggressively in order to fill lucrative orders. Other disparities of note in the *Food & Drink* sub-category were observed in the *Vegetable & Fruits, Other Food & Beverages* and *Meals Away From Home* sub-groups.

The measure of inflation that excludes agricultural prices (CPI-A) was 1.83 per cent for June. This estimate was 0.22 percentage point above the measure in the previous month and 1.44 percentage points above that which obtained in June 2002. This index has trended sharply upward since the beginning of the calendar year in tandem with the accelerated depreciation in the exchange rate.

The trimmed mean index, adjusted for the impact of the revenue measures, was estimated to have increased by 0.91 per cent in the review month, 0.2 of a percentage point above the estimate for the previous month (table 4). This estimate brings core inflation for the calendar year to date to 3.5 per cent, 1.4 percentage points above that which obtained for the similar interval of 2002. The 12-month point-to-point core inflation rate of 5.64 per cent was 2.46 percentage points above the comparable measure at June 2002. However, the annual average core inflation rate of 3.72 per cent was 0.1 of a percentage point below 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

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

Table 2
COMPONENT CONTRIBUTION TO INFLATION
June 2003

	Weight in the CPI	Monthly Inflation (%)	Weighted Inflation	% Contribution to Inflation
FOOD & DRINK	0.5563	3.9	2.0434	82.5
Meals away from home	0.0741	1.4	0.1048	4.2
Meat, Poultry & Fish	0.1613	2.4	0.3907	15.8
Dairy Products Oils & Fats	0.0668	3.9	0.2596	10.5
Baked Products, Cereals & Breakfast Drink	0.0864	4.8	0.4187	16.9
Starchy Foods	0.0525	10.6	0.5590	22.6
Vegetables & Fruits	0.0650	1.2	0.0803	3.2
Other Food & Beverages	0.0502	4.6	0.2304	9.3
FUELS & OTHER HOUSEHOLD SUPPLIES	0.0735	0.9	0.0912	3.7
Household Supplies	0.0482	1.8	0.0850	3.4
Fuels	0.0253	0.2	0.0062	0.3
HOUSING & OTHER HOUSING EXPENSES	0.0786	1.5	-0.1085	4.4
Rental	0.0209	0.0	0.0000	0.0
Other Housing Expenses	0.0577	1.9	0.1085	4.4
HOUSEHOLD FURNISHINGS & FURNITURE	0.0283	0.2	0.0052	0.2
Furniture	0.0068	0.2	0.0014	0.1
Furnishings	0.0215	0.2	0.0037	0.2
HEALTHCARE & PERSONAL EXPENSES	0.0697	1.3	0.0932	3.8
PERSONAL CLOTHING FOOTWEAR & ACCESSORIES	0.0507	0.7	0.0341	1.4
Clothing Materials	0.0055	0.0	0.0002	0.0
Readymade Clothing & Accessories	0.0242	0.3	0.0073	0.3
Footwear	0.0159	1.3	0.0199	0.8
Making & Repairs	0.0051	1.3	0.0067	0.3
TRANSPORTATION	0.0644	0.5	0.0298	1.2
MISCELLANEOUS EXPENSES	0.0785	0.9	0.0728	2.9
ALL GROUPS	1.0000	2.43	2.48	100.0

Table 3
REGIONAL INFLATION
June 2003

	KMA (%)	Other Towns (%)	Rural (%)
FOOD & DRINK	1.5	4.1	6.4
Meals away from home	0.1	2.3	3.2
Meat Poultry & Fish	2.2	2.2	2.8
Dairy Products Oils & Fats	2.5	4.6	5.0
Baked Products Cereals & Breakfast Drink	4.6	5.8	4.6
Starchy Foods	0.0	8.4	17.0
Vegetables & Fruits	-2.6	2.7	5.1
Other Food & Beverages	2.1	5.9	6.8
FUELS & OTHER HOUSEHOLD SUPPLIES	0.7	1.0	1.2
Household Supplies	1.5	1.9	2.0
Fuels	0.0	0.3	0.5
HOUSING & OTHER HOUSING EXPENSES	1.3	1.7	1.8
Rental	0.0	0.0	0.0
Other Housing Expenses	1.8	1.9	2.0
HOUSEHOLD FURNISHINGS & FURNITURE	0.1	0.3	0.3
Furniture	0.1	0.2	0.3
Furnishings	0.0	0.3	0.2
HEALTHCARE & PERSONAL EXPENSES	1.3	1.2	1.5
PERSONAL CLOTHING FOOTWEAR & ACCESSORIES	0.9	0.4	0.7
Clothing Materials	0.0	0.2	0.0
Readymade Clothing & Accessories	0.5	0.4	0.1
Footwear	1.6	0.4	1.4
Making & Repairs	0.7	0.7	2.5
TRANSPORTATION	0.3	0.9	0.4
MISCELLANEOUS EXPENSES	0.9	0.9	1.0
ALL GROUPS	1.2	2.5	4.1

Table 4
INFLATION: ACTUAL & CORE

1999/2000	Monthly		Fiscal Year to Date		12-Mth Core	
	Actual	Core	Actual	Core	Pt to Pt	Average
Apr	-0.22	0.01	-0.22	0.01	2.56	4.58
May	0.91	0.41	0.68	0.42	2.60	4.40
Jun	1.29	0.44	1.98	0.86	2.63	4.22
Jul	1.20	0.64	3.21	1.50	2.81	4.06
Aug	1.14	0.56	4.38	2.07	2.97	3.89
Sept	0.27	0.17	4.66	2.24	2.97	3.71
Oct	0.80	0.23	5.50	2.47	3.10	3.56
Nov	0.99	0.32	6.55	2.80	3.28	3.47
Dec	0.48	0.35	7.05	3.16	3.21	3.43
Jan	0.17	0.11	7.24	3.27	3.03	3.36
Feb	0.39	0.37	7.66	3.65	3.74	3.30
Mar	0.68	0.35	8.39	4.01	4.01	3.33
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

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

February 2003

The current account of the balance of payments recorded a deficit of US\$70.5MN in **February 2003**, relative to the deficit of US\$68.0MN in February 2002. The out-turn for the review month reflected respective increases of US\$21.0MN and US\$11.5MN in the deficits on the trade and income accounts, which were partly offset by growth of US\$27.9MN and US\$2.1MN in net receipts from services and current transfers, respectively. Within the financial account, net private investment inflows were insufficient to finance net official investment outflows, as well as the deficits on the current and capital accounts. Consequently, there was a drawdown of US\$257.3 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 an expansion of US\$30.9MN in the value of imports (f.o.b.), which was partially countered by an increase of US\$9.9MN in earnings from exports.

The improvement in export earnings largely reflected respective expansions of US\$7.5MN, US\$2.2MN and US\$1.7MN in the values of major traditional, non-traditional and other traditional exports, which was partially offset by a decline of US\$1.6MN in receipts from free zone exports. The upturn in major traditional exports was largely attributed to increases of US\$6.3MN and US\$3.0MN in the values of alumina and sugar exports, respectively. The expansion in alumina reflected higher volume, while the growth in earnings from sugar was due mainly to higher prices. The other-traditional export category reflected improved coffee exports while non-traditional exports were influenced by increases in chemicals and yam exports.

With the exception of free zone imports, all the major categories of imports recorded increases in the review month. In particular, respective expansions of US\$19.2MN, US\$7.5MN and US\$7.1MN were registered in the c.i.f. values of raw material, capital goods and consumer goods imports. The expansion in raw material imports was attributed to growth of US\$24.2MN in the value of fuel imports, reflecting an increase in oil prices during the month, relative to February 2002. The higher value of capital goods imports was primarily attributed to additional spending on construction materials, while increased expenditure on motorcars was primarily responsible for the growth in consumer goods imports.

Services

The increase in the surplus on the services account stemmed primarily from an expansion of US\$26.3MN in net receipts from the travel sub-sector. . Accounting for the growth in net travel inflows for the month was an increase of 28.9 per cent in total visitor arrivals, largely driven by a 51.6 per cent expansion in cruise passenger arrivals for the month, relative to February 2002.

In addition, there was a reduction of US\$10.4MN in the expenditure of Jamaicans travelling abroad during the month.

Income

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

Current Transfers

The growth in net current transfers for the review month stemmed from an increase of US\$3.1MN 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\$72.3MN on the financial account. Within the financial account, net private investment inflows of US\$42.0MN were insufficient to finance net official investment outflows of US\$227.0MN, as well as the deficits on the current and capital accounts. In this context, the net international reserves of the Bank of Jamaica fell by US\$257.3MN during the month.

April 2002 to February 2003

For the fiscal period April 2002 to February 2003, the current account deficit amounted to US\$1157.3MN, relative to the deficit of US\$728.2MN recorded for the corresponding period of FY 2001/02. This out-turn reflected expansions of US\$400.5MN and US\$167.5MN in the deficits on the trade and income sub-accounts, respectively, which were partly offset by respective improvements of US\$133.2MN and US\$5.7MN in the surpluses on the current transfers and services sub-accounts. 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\$688.6 million in the net international reserves over the period.

Merchandise Trade

The increase in the merchandise trade deficit in the review period, relative to the comparable period in FY 2001/02, stemmed from a reduction of US\$115.3MN in export receipts, as well as an increase of US\$285.2MN in payments for imports (f.o.b.). With the exception of other traditional exports, all the export categories registered declines during the review period. Major traditional exports contracted by approximately US\$19.6MN, largely reflecting a reduction of US\$24.1MN in earnings from alumina exports. There were also declines of US\$57.9MN and US\$33.3MN in the values of non-traditional exports and free zone exports, respectively, for the review period. The fall in non-traditional and free zone exports mainly reflected reductions in garment exports.

With regard to the expansion in imports, increased spending of US\$140.0MN, US\$115.8MN and US\$112.6MN on raw materials, consumer goods and capital goods, respectively, were partly offset by a contraction of US\$45.2MN in the values of free zone imports in the review period, relative to the corresponding period of 2002.

The growth in raw material imports was associated with a higher value for fuel imports during the review period, while the increase in consumer goods imports stemmed from additional spending on mobile telephones, food and motorcars. The expansion in capital goods imports reflected a rise in expenditure on communication equipment.

Services

The improvement in the surplus on the services account relative to the period April 2001 to February 2002 was influenced by an increase of US\$47.0MN in net receipts from travel and a decline of US\$7.1MN in net payments for transportation services. Partly countering this change was an expansion of US\$48.4MN in net payments for other services. The higher receipts from the travel sector were mainly attributed to an expansion of US\$74.9MN in gross travel inflows, reflecting expansions of 4.9 per cent and 15.4 percent in foreign national stopover and cruise arrivals, respectively, relative to the similar period in FY 2001/02. The 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.

Income

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

Current Transfers

The increase in net receipts from current transfers for the review period, relative to the comparable period of FY2001/02, resulted from growth of US\$144.3MN in net inflows to the private sector, which was partly offset by a decline of US\$11.1MN in net official transfers.

Capital & Financial Accounts

A deficit of US\$14.5MN was recorded on the capital account for April 2002 to February 2003, while the financial account registered a surplus of US\$1171.8MN. Within the financial account, net private investment inflows of US\$698.0MN were insufficient to finance net official outflows of US\$214.8MN, as well as the deficits on the current and capital accounts. Consequently, there was a draw down of US\$688.6MN in the net international reserves of the Bank of Jamaica. At the end of February 2003, the level of gross reserves was US\$1,299.3MN, representing approximately 20.4 weeks of imports of goods and 13.5 weeks of imports of goods and services.

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

BALANCE OF PAYMENTS SUMMARY (US\$M)

	Feb ^{1/}	Feb ^{2/}		Apr 2001- Feb ^{1/}	Apr 2002-Feb ^{2/}	
	2002	2003	Change	2002	2003	Change
1. CURRENT ACCOUNT	-68.0	-70.5	-2.5	-728.2	-1157.3	-429.1
A. GOODS and SERVICES	-92.8	-85.9	6.9	-1187.6	-1582.4	-394.8
a. GOODS BALANCE	-120.8	-141.8	-21.0	-1459.1	-1859.6	-400.5
Exports (f.o.b.)	95.6	105.5	9.9	1292.2	1176.9	-115.3
Imports (f.o.b.)	216.4	247.3	30.9	2751.3	3036.5	285.2
b. SERVICES BALANCE	28.0	55.9	27.9	271.5	277.2	5.7
Transportation	-15.0	-11.5	-3.5	-238.5	-231.4	7.1
Travel	76.7	103.0	26.3	862.0	909.0	47.0
Other Services	-33.7	-35.6	-1.9	-352.0	-400.4	-48.4
B. INCOME	-62.3	-73.8	-11.5	-411.3	-578.8	-167.5
Compensation of employees	0.0	0.9	0.9	73.3	83.7	10.4
Investment Income	-62.3	-74.7	-12.4	-484.6	-662.5	-177.9
C. CURRENT TRANSFERS	87.1	89.2	2.1	870.7	1003.9	133.2
Official	8.2	7.2	-1.0	107.9	96.8	-11.1
Private	78.9	82.0	3.1	762.8	907.1	144.3
2. CAPITAL & FINANCIAL ACCOUNT	68.0	70.5	2.5	728.2	1157.3	429.1
A. CAPITAL ACCOUNT	-2.1	-1.8	0.3	-22.1	-14.5	7.6
a. Capital Transfers	-2.1	-1.8	0.3	-22.1	-14.5	7.6
Official	0.0	0.0	0.0	0.4	0.2	-0.2
Private	-2.1	-1.8	0.3	-22.5	-14.7	7.8
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	70.1	72.3	2.2	680.2	1171.8	421.5
Other official investment	-8.6	-227.0	-218.4	550.0	-214.8	-764.8
Other private investment ^{3/}	50.9	42.0	-8.9	734.9	698.0	-36.9
Change in Reserves (minus = increase)	27.8	257.3		-534.6	688.6	

1/ Revised

2/ Provisional

3/ Includes errors & omissions

BANK OF JAMAICA

31 July 2003