

Balance of Payments Update

June 2023



- The current account of the balance of payments for the June 2023 quarter reflected a surplus of US\$241.0 million (1.26 per cent of GDP). This represents an improvement of US\$227.3 million when compared with the substantially lower surplus for the June 2022 quarter. This means that foreign currency inflows to the country exceeded outflows (payments) from the country. The improvement was reflected in the Goods, Primary Income, and Services sub-accounts, while there was marginal deterioration of the Secondary Income sub-account.
- The largest contribution to the enhancement in the current account was the narrowing of the deficit in the Goods sub-account by US\$155.2 million, which reflected a reduction of US\$105.0 million in imports and growth of US\$50.2 million in exports (see Table 1). Lower imports primarily resulted from a decrease in Mineral Fuels brought into the country while an increase in the export of Crude Materials, specifically Alumina, largely explained the growth in exports.
- Improvement in the Primary Income sub-account of US\$55.5 million reflected lower outflows of direct investment income and portfolio investment income. The reduction in portfolio investment income outflows resulted from lower interest payments on central government external debt for the period.
- The Services sub-account also improved by US\$34.4 million, which resulted from increased earnings of US\$102.2 million from abroad for services provided to non-residents, which was partly moderated by an increase of US\$67.8 million in payments for services provided by non-residents. The increase in earnings was largely the result of growth in Tourist Expenditure of US\$106.9 million for services. The growth in Tourist Expenditure for the June 2023 quarter was influenced by increased long-stay Foreign National stopovers and Cruise Passenger arrivals. There was also a notable increase in average daily expenditure by both stop-over and cruise visitors. Outflows were primarily driven by travel commissions.
- The surplus on the Secondary Income sub-account for the June 2023 quarter was marginally lower than the corresponding quarter in 2022 by US\$17.8 million, stemming from a decline of US\$9.8 million in Secondary Income receipts and increased Secondary Income outflows of US\$8.0 million. The marginal decline in the surplus on the Secondary Income sub-account chiefly reflects a reduction of US\$12.1 million in personal transfer inflows (primarily remittance inflows) compared with the corresponding period in 2022.
- The Financial Account reflected net outflows of US\$230.2 million for the June 2023 quarter, in comparison to net outflows of US\$139.7 million in the June 2022 quarter.
- The net outflows for the review quarter, means that overall, Jamaica provided more financing to the rest of the world than it received. This was primarily reflected in net outflows via Portfolio Investments (US\$203.9 million) and Other Investments (US\$34.1 million). The Net Portfolio Investment outflows were largely related to an increase in long and short-term debt securities held by Deposit-Taking Institutions. The Net Other Investment outflows, primarily reflected a reduction in loan liabilities held abroad by Non-financial Corporations and the General Government. The impact of these net outflows was tempered by net Direct Investment inflows of US\$110.0 million. In this context, and given the current account surplus, there was a buildup of US\$102.2 million in Reserve Assets held by Bank of Jamaica.



Background

The Balance of Payments (BOP) is compiled using the 6th edition of the BOP Manual. It comprises the Current Account, Capital Account, and Financial Account. The Current Account includes net trade in goods and services, net earnings on cross border investments (Primary Income) as well as net transfer payments (Secondary Income). The Financial Account records changes in Jamaica's external assets and liabilities. These assets and liabilities include foreign Direct Investments, Portfolio Investments such as stocks and bonds, Financial Derivatives, Other Investments, and Reserve Assets. Net changes in assets or liabilities arise when gross increases in assets or liabilities differ from gross reductions in assets or liabilities and vice versa.

Table 1: Jamaica's Balance of Payments (US\$MN)

 Expanded Dataset

	APR-JUN		
	2022	2023	Change
CURRENT ACCOUNT BALANCE	13.7	241.0	227.3
CAB/GDP (%)	0.1	1.3	1.2
GOODS	-1,189.6	-1,034.4	155.2
<i>EXPORTS</i>	464.92	515.07	50.2
<i>IMPORTS</i>	1,654.54	1,549.49	-105.0
SERVICES	416.88	451.24	34.4
<i>CREDITS</i>	1,152.51	1,254.68	102.2
<i>DEBITS</i>	735.62	803.44	67.8
PRIMARY INCOME	-96.74	-41.24	55.5
<i>CREDITS</i>	74.63	126.15	51.5
<i>DEBITS</i>	171.37	167.40	-4.0
SECONDARY INCOME	883.18	865.39	-17.8
<i>CREDITS</i>	930.87	921.10	-9.8
<i>DEBITS</i>	47.69	55.71	8.0
CAPITAL ACCOUNT	-7.78	-5.34	2.4
<i>CREDITS</i>	4.53	6.97	2.4
<i>DEBITS</i>	12.31	12.31	0.0
NET LENDING (+)/NET BORROWING (-) (BALANCE FROM CURRENT AND CAPITAL ACCOUNT)	5.93	235.61	229.7
FINANCIAL ACCOUNT			
NET LENDING (+)/NET BORROWING (-) (BALANCE FROM FINANCIAL ACCOUNT)	139.67	230.23	90.6
DIRECT INVESTMENT	-64.70	-110.00	-45.3
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	4.30	0.00	-4.3
<i>NET INCURRENCE OF LIABILITIES</i>	69.00	110.00	41.0
PORTFOLIO INVESTMENTS	56.96	203.95	147.0
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	70.02	203.54	133.5
<i>NET INCURRENCE OF LIABILITIES</i>	13.06	-0.40	-13.5
FINANCIAL DERIVATIVES	-0.52	0.00	0.5
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	-0.52	0.00	0.5
<i>NET INCURRENCE OF LIABILITIES</i>	0.00	0.00	0.0
OTHER INVESTMENTS	81.68	34.13	-47.6
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	-121.92	-76.10	45.8
<i>NET INCURRENCE OF LIABILITIES</i>	-203.61	-110.23	93.4
RESERVE ASSETS	66.25	102.15	35.9
NET ERRORS AND OMISSIONS	133.75	-5.39	-139.1



BALANCE OF PAYMENTS

June 2023 Quarter

KEY

↑ Improved by

↓ Deteriorated by

