

Balance of Payments Update

June 2022



- The current account of the balance of payments for the June 2022 quarter reflected a surplus of US\$19.6 million (0.1 per cent of GDP), a deterioration of US\$190.4 million when compared with the surplus for the June 2021 quarter. This deterioration was reflected in the Goods, and Secondary Income sub-accounts. However, there were improvements in the Services and Primary Income sub-accounts (see Table 1).
- With regard to the deterioration in the Goods sub-account, there was an increase in imports which primarily emanated from an increase of US\$318.0 million in the fuel bill, mostly due to higher fuel prices. There were also notable increases in the importation of Food (US\$83.7 million), Manufactured Goods (US\$40.0 million) and Chemicals (US\$30.2 million).
- There was an increase in exports for the period, due mainly to an improvement of US\$61.9 million in Mineral Fuel exports, driven mostly by higher prices for the commodity. Of note, there was also an increase in Goods Procured in Port of US\$52.8 million while the export of chemicals grew by US\$4.0 million. This was partly offset by deterioration in Crude materials exports (US\$75.4 million) which was largely driven by lower production in the Bauxite/Alumina sector. This lower production was due in part to the JAMALCO Plant not yet having resumed productive activities after the fire which occurred on August 22, 2021.
- The deterioration in the Secondary Income account by US\$29.7 million, reflected a decline of US\$30.5 million in net personal transfers receipts (primarily remittances) compared to the corresponding period in 2021.
- The improvement in the Services balance reflected a US\$413.8 million increase in tourist expenditure. Visitor arrivals and tourist expenditure for the June 2022 quarter were at 97.2 percent and 106.5 percent of pre-covid (2019) levels, respectively.
- The improvement in the Primary Income account (US\$7.5 million) is explained partly by greater inflows related to compensation of employees. This was accompanied by a decline in portfolio investment outflows, driven largely by lower interest payments on central government debt for the period. At the same time, there were lower dividend outflows relative to the June 2021 quarter.
- The Financial Account reflected net outflows of US\$139.7 million for the June 2022 quarter, in contrast to the net inflows of US\$2.2 million in the June 2021 quarter.
- The Net Lending balance in the Financial Account primarily reflected increased reserve assets (US\$66.2 million). This was supported by Net Portfolio Investment outflows and Net Other Investment outflows of US\$57.0 million and US\$81.7 million, respectively. The Net Portfolio Investment outflows largely related to an increase in financial assets, specifically short-term debt securities acquired by DTIs and Security Dealers. The offsetting factor was net inflows of Direct Investment mainly attributed to investments in the Tourism Sector.



Background

The Balance of Payments (BOP) is compiled using the 6th edition of the BOP manual. It comprises of 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*)

| ACCOUNT | APR-JUN | | |
|---|---------|----------|--------|
| | 2021 | 2022 | Change |
| CURRENT ACCOUNT BALANCE | 210.1 | 19.6 | -190.4 |
| CAB/GDP (%) | 1.39 | 0.12 | -1.50 |
| GOODS | -556.6 | -1,194.4 | -637.8 |
| <i>EXPORTS</i> | 422.9 | 460.5 | 37.6 |
| <i>IMPORTS</i> | 979.5 | 1,654.9 | 675.4 |
| SERVICES | -41.9 | 427.6 | 469.5 |
| <i>CREDITS</i> | 702.0 | 1,150.8 | 448.8 |
| <i>DEBITS</i> | 743.9 | 723.2 | -20.8 |
| PRIMARY INCOME | -104.2 | -96.7 | 7.5 |
| <i>CREDITS</i> | 64.8 | 74.6 | 9.8 |
| <i>DEBITS</i> | 169.0 | 171.4 | 2.4 |
| SECONDARY INCOME | 912.9 | 883.2 | -29.7 |
| <i>CREDITS</i> | 969.4 | 930.9 | -38.5 |
| <i>DEBITS</i> | 56.5 | 47.7 | -8.8 |
| CAPITAL ACCOUNT | -9.0 | -7.8 | 1.2 |
| <i>CREDITS</i> | 3.3 | 4.5 | 1.2 |
| <i>DEBITS</i> | 12.3 | 12.3 | 0.0 |
| NET LENDING (+) / NET BORROWING (-) (BALANCE FROM CURRENT AND CAPITAL ACCOUNT) | 201.1 | 11.9 | -189.2 |
| FINANCIAL ACCOUNT | | | |
| NET LENDING (+) / NET BORROWING (-) (BALANCE FROM FINANCIAL ACCOUNT) | -2.2 | 139.7 | 141.9 |
| DIRECT INVESTMENT | -36.7 | -64.7 | -28.1 |
| <i>NET ACQUISITION OF FINANCIAL ASSETS</i> | 22.8 | 4.3 | -18.5 |
| <i>NET INCURRENCE OF LIABILITIES</i> | 59.4 | 69.0 | 9.6 |
| PORTFOLIO INVESTMENTS | -49.8 | 57.0 | 106.8 |
| <i>NET ACQUISITION OF FINANCIAL ASSETS</i> | -149.9 | 70.0 | 219.9 |
| <i>NET INCURRENCE OF LIABILITIES</i> | -100.0 | 13.1 | 113.1 |
| FINANCIAL DERIVATIVES | -0.1 | -0.5 | -0.4 |
| <i>NET ACQUISITION OF FINANCIAL ASSETS</i> | -37.5 | -0.5 | 37.0 |
| <i>NET INCURRENCE OF LIABILITIES</i> | -37.4 | 0.0 | 37.4 |
| OTHER INVESTMENTS | 42.0 | 81.7 | 39.7 |
| <i>NET ACQUISITION OF FINANCIAL ASSETS</i> | 149.7 | -121.9 | -271.6 |
| <i>NET INCURRENCE OF LIABILITIES</i> | 107.7 | -203.6 | -311.3 |
| RESERVES ASSETS | 42.4 | 66.2 | 23.9 |
| NET ERRORS AND OMISSIONS | -203.3 | 127.8 | 331.1 |



BALANCE OF PAYMENTS

June 2022 Quarter

KEY

↑ Improved by

↓ Deteriorated by

