

Balance of Payments Update

September 2023



- The current account of the balance of payments for the September 2023 quarter reflected a deficit of US\$94.2 million (0.5 per cent of GDP), a deterioration of US\$8.1 million when compared to the deficit in the September 2022 quarter. This means that foreign currency outflows (payments) from the country exceeded inflows to the country. The deterioration in the balance was reflected mainly in the Primary Income and Secondary Income sub-accounts, while there were improvements in the Goods and Services sub-accounts over the quarter.
- The worsening in the Primary Income sub-account is explained by higher outflows of both direct investment income and portfolio investment income. The increase in portfolio investment income outflows resulted from higher interest payments on central government external debt for the period.
- The deterioration in the surplus in the Secondary Income sub-account largely reflected a reduction of US\$26.4 million in personal transfer inflows (primarily remittance inflows) compared with the corresponding period in 2022 and an increase of US\$6.3 million in Secondary Income outflows.
- There was improvement in the Goods sub-account. The deficit on the Goods sub-account narrowed by US\$89.8 million, which reflected a reduction of US\$63.1 million in imports and growth of US\$26.7 million in exports (see Table 1). Lower imports primarily resulted from a decrease in Mineral Fuels and Manufactured Goods brought into the country while an increase in the export of Crude Materials, specifically Alumina, largely explained the growth in exports.
- The Services sub-account also improved marginally by US\$0.5 million. This improvement resulted from an increase of US\$72.8 million in earnings from abroad for services provided to non-residents which was largely offset by an increase of US\$72.2 million in payments for services provided by non-residents. The increase in earnings primarily resulted from growth in expenditure by tourists of US\$65.5 million primarily influenced by increased long-stay foreign national stopover visitors. The average daily expenditure of stopover and cruise visitors increased by 1.1% and 4.5%, respectively. Outflows were primarily driven by travel commissions.
- The Financial Account reflected net outflows of US\$17.1 million for the September 2023 quarter, in comparison to net inflows of US\$251.7 million in the September 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\$109.6 million) and a buildup of US\$59.9 million in Reserve Assets held by Bank of Jamaica. The Net Portfolio Investment outflows were largely related to a reduction in General Government Debt Securities due to the amortization of a Government bond over the period. The impact of these net outflows was tempered by net Direct Investment inflows of US\$93.1 million and Net Other Investment inflows of US\$59.3 million. The Net Other Investment inflows, primarily reflected an increase in loan liabilities held abroad by Non-financial Corporations and the General Government.



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

	JUL-SEP		
	2022	2023	Change
CURRENT ACCOUNT BALANCE	-86.1	-94.2	-8.1
CAB/GDP (%) *	-0.53	-0.50	0.1
GOODS	-1291.9	-1202.1	89.8
<i>EXPORTS</i>	466.8	493.5	26.7
<i>IMPORTS</i>	1758.7	1695.6	-63.1
SERVICES	320.1	320.6	0.5
<i>CREDITS</i>	1176.7	1249.5	72.8
<i>DEBITS</i>	856.6	928.9	72.2
PRIMARY INCOME	-52.1	-118.0	-65.9
<i>CREDITS</i>	132.2	150.2	18.1
<i>DEBITS</i>	184.3	268.3	84.0
SECONDARY INCOME	937.8	905.3	-32.4
<i>CREDITS</i>	992.9	966.8	-26.1
<i>DEBITS</i>	55.1	61.5	6.3
CAPITAL ACCOUNT	-6.7	-3.2	3.5
<i>CREDITS</i>	5.6	9.1	3.5
<i>DEBITS</i>	12.3	12.3	0.0
NET LENDING (+)/NET BORROWING (-) (BALANCE FROM CURRENT AND CAPITAL ACCOUNT)	-92.8	-97.4	-4.6
FINANCIAL ACCOUNT			
NET LENDING (+)/NET BORROWING (-) (BALANCE FROM FINANCIAL ACCOUNT)	-251.7	17.1	268.8
DIRECT INVESTMENT	-100.1	-93.1	7.0
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	0.0	0.0	0.0
<i>NET INCURRENCE OF LIABILITIES</i>	100.1	93.2	-7.0
PORTFOLIO INVESTMENTS	437.9	109.6	-328.3
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	189.3	-2.4	-191.7
<i>NET INCURRENCE OF LIABILITIES</i>	-248.7	-112.0	136.6
FINANCIAL DERIVATIVES	0.0	0.0	0.0
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	0.0	0.0	0.0
<i>NET INCURRENCE OF LIABILITIES</i>	0.0	0.0	0.0
OTHER INVESTMENTS	-549.1	-59.3	489.8
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	65.0	2.9	-62.1
<i>NET INCURRENCE OF LIABILITIES</i>	614.1	62.2	-551.9
RESERVES ASSETS	-40.4	59.9	100.3
NET ERRORS AND OMISSIONS	-158.9	114.5	273.4

*Calculated by dividing the Current Account Balance by the four-period moving sum of Nominal GDP at current prices.



BALANCE OF PAYMENTS

September 2023 Quarter

KEY

↑ Improved by

↓ Deteriorated by

