

Balance of Payments Update

December 2023



- The current account of the balance of payments for the December 2023 quarter recorded a surplus of US\$256.4 million (1.3 per cent of GDP), an improvement of US\$20.5 million when compared to the surplus in the December 2022 quarter. This means that foreign currency inflows to the country exceeded outflows (payments) from the country. The improvement in the balance was reflected in the Services sub-account, while there were deteriorations in the Primary Income, Secondary Income and Goods sub-accounts relative to the December 2022 quarter.
- The Services sub-account improved by US\$138.9 million. This improvement resulted from an increase of US\$173.1 million in earnings from abroad for services provided to non-residents which was largely offset by an increase of US\$34.3 million in payments to non-residents for services provided. The increase in earnings primarily resulted from growth of US\$141.4 million in expenditure by tourists primarily influenced by increased cruise passengers and long-stay foreign national stopover visitors. The average daily expenditure of stopover and cruise visitors also increased by 1.1% and 4.5%, respectively. Outflows were primarily driven by travel commissions.
- The deficit on the Goods sub-account widened by US\$56.2 million, which reflected a reduction of US\$151.6 million in exports, partly offset by a decline in imports of US\$95.4 million (see Table 1). Decreased mineral fuel exports largely explained the overall decline in exports while lower imports primarily resulted from a reduction in Mineral Fuels, Chemicals and Manufactured Goods brought into the country.
- The deterioration in the Primary Income sub-account is explained by higher outflows of both direct investment income and other investment income. The increase in other 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\$39.0 million in personal transfer inflows (primarily remittance inflows) compared with the corresponding period in 2022, partly offset by a marginal decrease of US\$0.9 million in Secondary Income outflows.
- The Financial Account reflected net outflows of US\$631.2 million for the December 2023 quarter, in comparison to net outflows of US\$75.3 million in the December 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 and Other Investments (US\$532.1 million and US\$130.2 million, respectively) and a buildup of US\$22.0 million in Reserve Assets held by Bank of Jamaica. The Net Portfolio Investment outflows were largely related to the acquisition of foreign debt securities over the period. The Net Other Investment outflows, primarily reflected a decrease in loan liabilities held abroad by Non-financial Corporations, Deposit-Taking Institutions and the General Government. The impact of these net outflows was tempered by net Direct Investment inflows of US\$53.1 million.
- For Calendar Year (CY) 2023, the current account balance recorded a surplus of US\$583.4 million (3.0 per cent of GDP), compared to a deficit of US\$129.8 million (0.8 per cent of GDP) for 2022. The improvement in the current account is attributed to improvements in the Goods, Services and Primary Income Sub-accounts, partly offset by marginal decline in the surplus in the Secondary Income Sub-Account. The Financial Account for CY 2023 reflected a Net Lending position, recording net outflows of US\$1,055.3 million, in contrast to the net inflow of US\$557.6 million in CY 2022. This was mainly due to the impact of net outflows of portfolio investment and other investments partly offset by net inflows of direct investment.



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

	OCT-DEC		
	2022	2023	Change
CURRENT ACCOUNT BALANCE	235.8	256.4	20.5
CAB/GDP (%)	1.4	1.3	-0.1
GOODS	-1000.2	-1056.4	-56.2
<i>EXPORTS</i>	628.9	477.3	-151.6
<i>IMPORTS</i>	1629.1	1533.7	-95.4
SERVICES	309.0	447.9	138.9
<i>CREDITS</i>	1185.7	1358.8	173.1
<i>DEBITS</i>	876.7	910.9	34.3
PRIMARY INCOME	27.5	8.6	-18.8
<i>CREDITS</i>	157.2	164.1	6.9
<i>DEBITS</i>	129.7	155.5	25.8
SECONDARY INCOME	899.5	856.2	-43.3
<i>CREDITS</i>	964.8	920.5	-44.2
<i>DEBITS</i>	65.2	64.3	-0.9
CAPITAL ACCOUNT	-6.2	-0.7	5.4
<i>CREDITS</i>	6.1	11.6	5.4
<i>DEBITS</i>	12.3	12.3	0.0
NET LENDING (+)/ NET BORROWING (-) (BALANCE FROM CURRENT AND CAPITAL ACCOUNT)	229.6	255.6	26.0
FINANCIAL ACCOUNT			
NET LENDING (+)/ NET BORROWING (-) (BALANCE FROM FINANCIAL ACCOUNT)	75.3	631.2	555.9
DIRECT INVESTMENT	-49.1	-53.1	-4.0
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	0.0	0.3	0.3
<i>NET INCURRENCE OF LIABILITIES</i>	49.1	53.4	4.3
PORTFOLIO INVESTMENTS	133.9	532.1	398.2
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	105.3	450.2	345.0
<i>NET INCURRENCE OF LIABILITIES</i>	-28.6	-81.9	-53.2
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	-177.8	130.2	308.0
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	-189.0	-114.6	74.4
<i>NET INCURRENCE OF LIABILITIES</i>	-11.2	-244.8	-233.6
RESERVE ASSETS	168.3	22.0	-146.2
NET ERRORS AND OMISSIONS	-154.3	375.6	529.9



BALANCE OF PAYMENTS

December 2023 Quarter

KEY

↑ Improved by

↓ Deteriorated by

