

Balance of Payments Update

March 2024



- The current account of the balance of payments for the March 2024 quarter recorded a surplus of US\$228.9 million (1.3 per cent of GDP), an improvement of US\$40.9 million when compared to the surplus in the March 2023 quarter. This means that foreign currency inflows to the country exceeded outflows (payments) from the country. The improvement in the balance was reflected primarily in the Services sub-account and to a lesser extent the Goods and Primary Income sub-accounts, while there was a deterioration in the Secondary Income sub-account relative to the March 2023 quarter.
- The Services sub-account improved by US\$39.4 million. This improvement resulted from an increase of US\$63.2 million in earnings from abroad for services provided to non-residents which was partly offset by an increase of US\$23.8 million in payments to non-residents for services provided. The increase in earnings primarily resulted from growth of US\$63.5 million in expenditure by tourists primarily influenced by increased cruise passengers and foreign national stopover visitors. The average daily expenditure of stopover and cruise visitors also increased by 1.0% and 1.8%, respectively. Payments to non-residents for services provided were primarily driven by travel commissions.
- The deficit on the Goods sub-account narrowed by US\$3.8 million, which reflected a reduction of US\$36.7 million in imports, partly offset by a decline in exports of US\$32.9 million (see Table 1). Decreased imports primarily resulted from a reduction in food, chemicals, and manufactured goods brought into the country, while lower mineral fuel exports largely explained the overall decline in exports.
- The marginal improvement on the Primary Income sub-account is explained by lower outflow of wages to non-resident employees (compensation of employees).
- The deterioration in the surplus in the Secondary Income sub-account largely reflected a reduction of US\$3.5 million in personal transfer inflows (primarily remittance inflows) compared with the corresponding period in 2023 and a marginal increase of US\$0.9 million in Secondary Income outflows, particularly remittance outflows.
- The Financial Account reflected net outflows of US\$299.1 million for the March 2024 quarter, in comparison to net outflows of US\$176.7 million in the March 2023 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 Other Investments (US\$58.8 million) and a buildup of US\$363.1 million in Reserve Assets held by Bank of Jamaica. The Net Other Investment outflows, primarily reflected a build-up in overseas bank balances as well as an increase in loans issued to non-residents by local Deposit Taking Institutions. The impact of these net outflows was tempered by net inflows via Portfolio Investments and Direct Investments (US\$86.1 million and US\$36.7 million, respectively). The Net Portfolio Investment inflows were largely related to a reduction in debt securities assets held abroad due to the maturity of foreign bonds over the review period.
- For Fiscal Year (FY) 2023/24, the current account balance recorded a surplus of US\$609.9 million (3.1 per cent of GDP), compared to a surplus of US\$345.1 million (1.9 per cent of GDP) for the previous fiscal year. The improvement in the current account is attributed to improvements in the Goods and Services sub-accounts, partly offset by a decline in the surplus in the Secondary Income Sub-Account. Additionally, there was a notable deterioration in the Primary Income sub-account, this is partly due to increased investment income outflows which resulted from the recovery in the mining sector. The Financial Account for FY 2023/24 reflected a Net Lending position, recording net outflows of US\$1,177.6 million, in contrast to the net inflow of US\$140.0 million in FY 2022/23. This was mainly due to the impact of net outflows of Portfolio Investments and Other Investments, as well as a build-up in Reserves Assets, partly offset by net inflows of Direct Investments.



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

	JAN-MAR		
	2023	2024	Change
CURRENT ACCOUNT BALANCE	188.0	228.9	40.9
CAB/GDP (%)*	1.0	1.3	0.2
GOODS	-1096.4	-1092.6	3.8
<i>EXPORTS</i>	525.8	492.9	-32.9
<i>IMPORTS</i>	1622.2	1585.5	-36.7
SERVICES	589.1	628.5	39.4
<i>CREDITS</i>	1410.0	1473.2	63.2
<i>DEBITS</i>	820.9	844.7	23.8
PRIMARY INCOME	-126.3	-123.3	3.0
<i>CREDITS</i>	115.3	123.8	8.5
<i>DEBITS</i>	241.6	247.1	5.5
SECONDARY INCOME	821.5	816.3	-5.2
<i>CREDITS</i>	877.9	873.5	-4.4
<i>DEBITS</i>	56.4	57.2	0.9
CAPITAL ACCOUNT	-9.4	-9.4	0.0
<i>CREDITS</i>	2.8	2.8	0.0
<i>DEBITS</i>	12.2	12.2	0.0
NET LENDING (+)/ NET BORROWING (-) (BALANCE FROM CURRENT AND CAPITAL ACCOUNT)	178.6	219.5	40.9
FINANCIAL ACCOUNT			
NET LENDING (+)/ NET BORROWING (-) (BALANCE FROM FINANCIAL ACCOUNT)	176.7	299.1	122.4
DIRECT INVESTMENT	-124.2	-36.7	87.5
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	-4.2	0.2	4.4
<i>NET INCURRENCE OF LIABILITIES</i>	120.0	36.9	-83.1
PORTFOLIO INVESTMENTS	76.6	-86.1	-162.7
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	89.9	-112.6	-202.5
<i>NET INCURRENCE OF LIABILITIES</i>	13.3	-26.5	-39.8
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	57.5	58.8	1.3
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	31.6	196.4	164.8
<i>NET INCURRENCE OF LIABILITIES</i>	-25.9	137.6	163.5
RESERVES ASSETS	166.8	363.1	196.3
NET ERRORS AND OMISSIONS	-1.8	79.6	81.4



BALANCE OF PAYMENTS

March 2024 Quarter

KEY

↑ Improved by

↓ Deteriorated by

