

Balance of Payments Update

June 2024



- The current account of the balance of payments for the June 2024 quarter recorded a surplus of US\$148.01 million (1.27 per cent of GDP), a reduction of US\$74.2 million when compared to the surplus in the June 2023 quarter. The surplus recorded implies that foreign currency inflows to the country continued to exceed outflows from the country. The reduction in the surplus was reflected primarily in the Services sub-account and to a lesser extent the Primary Income and Goods sub-accounts, while there was an improvement in the Secondary Income sub-account relative to the June 2023 quarter.
- The Services sub-account deteriorated by US\$46.0 million. This deterioration resulted from a decline of US\$15.9 million in earnings from abroad for services provided to non-residents which was partly offset by an increase of US\$30.1 million in payments to non-residents for services provided. The reduction in earnings primarily resulted from a decline of US\$15.1 million in expenditure by tourists primarily influenced by a reduction in foreign national stopover visitors. This was partly offset by an increase in cruise passengers. The increase in payments to non-residents for services provided was primarily driven by higher freight prices.
- The worsening in the Primary Income sub-account resulted from higher investment income outflows. This was particularly influenced by higher interest payments and higher profit repatriation by the mining sector during the review quarter.
- The deficit on the Goods sub-account widened by US\$9.9 million, which reflected a reduction of US\$53.5 million in exports, partly offset by a decline in imports of US\$43.6 million (see Table 1). Decreased exports primarily resulted from a reduction in mineral fuel exports, while declines in manufactured goods, mineral fuels and chemicals explained the overall reduction in imports.
- The improvement in the surplus in the Secondary Income sub-account largely reflected a growth of US\$6.5 million in personal transfer inflows (primarily remittance inflows) compared with the corresponding period in 2023, further aided by a marginal decrease of US\$1.4 million in Secondary Income outflows, particularly remittance outflows.
- The Financial Account reflected net outflows of US\$369.2 million for the June 2024 quarter, in comparison to net outflows of US\$230.2 million in the June 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 and Portfolio Investments (US\$192.2 million and US\$182.1 million, respectively) and a buildup of US\$29.8 million in Reserve Assets held by Bank of Jamaica. The Net Other Investment outflows were largely related to the reduction of loan liabilities held abroad by Deposit Taking Institutions (DTIs), and the General Government. The Net Portfolio Investment outflows were primarily related to the acquisition of foreign debt securities by DTIs and other sectors over the period. The impact of these net outflows was tempered by net inflows via Direct Investments (US\$34.7million).

For Calendar Year to Date (CYD) 2024, the current account balance recorded a surplus of US\$376.9 million (2.56 per cent of GDP), compared to a surplus of US\$410.2 million (2.26 per cent of GDP) for the previous calendar year. The lower current account surplus is attributed to a notable deterioration in the Primary Income sub-account, this was partly due to increased investment income outflows which resulted from the recovery in the mining sector. Deteriorations in the Goods and Services sub-accounts also contributed to the lower surplus. This impact was partly offset by a marginal improvement in the surplus in the Secondary Income Sub-Account. The Financial Account for CYD 2024 reflected a Net Lending position, recording net outflows of US\$668.3 million, when compared to the net outflow of US\$407.0 million for CYD 2023.



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		
	2023	2024	Change
CURRENT ACCOUNT BALANCE	222.2	148.0	-74.2
CAB/GDP (%)*	1.2	1.3	0.1
GOODS	-1044.8	-1054.7	-9.9
<i>EXPORTS</i>	505.2	451.7	-53.5
<i>IMPORTS</i>	1549.9	1506.4	-43.6
SERVICES	451.1	405.2	-46.0
<i>CREDITS</i>	1254.7	1238.8	-15.9
<i>DEBITS</i>	803.6	833.7	30.1
PRIMARY INCOME	-49.9	-77.2	-27.3
<i>CREDITS</i>	126.2	116.3	-9.8
<i>DEBITS</i>	176.0	193.5	17.5
SECONDARY INCOME	865.8	874.8	9.0
<i>CREDITS</i>	921.5	929.1	7.6
<i>DEBITS</i>	55.7	54.3	-1.4
CAPITAL ACCOUNT	-5.3	-6.8	-1.5
<i>CREDITS</i>	7.0	5.5	-1.5
<i>DEBITS</i>	12.3	12.3	0.0
NET LENDING (+)/NET BORROWING (-) (BALANCE FROM CURRENT AND CAPITAL ACCOUNT)	216.9	141.2	-75.7
FINANCIAL ACCOUNT			
NET LENDING (+)/NET BORROWING (-) (BALANCE FROM FINANCIAL ACCOUNT)	230.2	369.2	139.0
DIRECT INVESTMENT	-110.0	-34.7	75.3
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	0.0	0.2	0.2
<i>NET INCURRENCE OF LIABILITIES</i>	110.0	34.9	-75.1
PORTFOLIO INVESTMENTS	203.9	182.1	-21.9
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	203.5	131.6	-72.0
<i>NET INCURRENCE OF LIABILITIES</i>	-0.4	-50.5	-50.1
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
<i>OTHER INVESTMENTS</i>	34.1	192.2	158.0
<i>NET ACQUISITION OF FINANCIAL ASSETS</i>	-76.1	-2.4	73.7
<i>NET INCURRENCE OF LIABILITIES</i>	-110.2	-194.5	-84.3
<i>RESERVES ASSETS</i>	102.2	29.8	-72.4
<i>NET ERRORS AND OMISSIONS</i>	13.4	228.1	214.7
<i>*Calculated by dividing the Current Account Balance by the four-period moving sum of Nominal GDP at current prices.</i>			



BALANCE OF PAYMENTS

June 2024 Quarter

KEY

↑ Improved by

↓ Deteriorated by

